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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your Shares in Bonjour Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## Bonjour Holdings Limited

### 卓悦控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 653)**

- (1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
THE DISPOSAL OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
THE TARGET COMPANY;  
(2) MAJOR TRANSACTION  
IN RELATION TO INVESTMENT IN A FUND;  
(3) ISSUE OF WARRANTS UNDER SPECIFIC MANDATE; AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial adviser to the Company**



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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 9 to 45 of this circular.

A notice convening the EGM to be held at 11:30 a.m. on Monday, 27 June 2022 at 12/F., Bonjour Tower, No. 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. 11:30 a.m. on Saturday, 25 June 2022 (Hong Kong Time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

#### **PRECAUTIONARY MEASURES FOR THE EGM**

Please refer to page ii of this circular for preventive and control measures at the EGM to minimise the risk of the spread of the Coronavirus Disease 2019 (COVID-19):

- no beverage, refreshment or corporate gifts
- compulsory body temperature checks
- every attendee is required to wear an appropriate face mask

**The Company reminds Shareholders that they may appoint the chairman of the EGM as a proxy to attend and vote at the EGM, instead of attending it in person.**

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## PRECAUTIONARY MEASURES FOR THE EGM

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The Company will implement the following preventive and control measures at the EGM to minimise the risk of the spread of the Coronavirus Disease 2019 (COVID-19):

- (i) no beverage, refreshment or corporate gifts will be served or distributed before, during or after the EGM;
- (ii) compulsory body temperature check will be conducted for every attendee before entering the venue of the EGM, and any attendee with a body temperature higher than 37.3 degree Celsius will not be given access to the meeting venue; and
- (iii) every attendee is required to wear an appropriate face mask at all times during their attendance of the EGM.

The Company reminds Shareholders that they may appoint the chairman of the EGM as his/her/its proxy to attend and vote on the relevant resolution(s) at the EGM instead of attending the EGM in person. For such purpose, please complete and return the proxy form for the EGM accompanying this circular.

If any Shareholder will not attend the EGM in person and has any questions about the resolutions to be considered at the EGM or other matters relating to the Company, Shareholder is welcome to send the questions in writing to the Company's head office and principal place of business in Hong Kong for the attention of the Company Secretary.

If any Shareholder has any questions relating to the EGM, please contact Union Registrars Limited, the Company's branch share registrar in Hong Kong, as follows:

Union Registrars Limited  
Suites 3301-04, 33/F., Two Chinachem Exchange Square,  
338 King's Road, North Point, Hong Kong  
Tel: (852) 2849 3399  
Fax: (852) 2849 3319

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## DEFINITIONS

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

“Amendment Agreement”	the amendment agreement dated 30 May 2022 entered into between the Company and the Fund in relation to the amendments to the Sale and Purchase Agreement
“Apex Frame”	Apex Frame Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company, principally engaging in property holding, leasing and provision of property management and maintenance services in respect of the Property in Hong Kong
“Associates(s)”	has the meaning ascribed to it under the Listing Rules
“Articles”	the Articles of Association of the Company
“Bank Facility”	the HK\$450,000,000 bank facility to be obtained by the Fund for the purpose of acquiring the Sale Share pursuant to the Sale and Purchase Agreement
“Bank Loan”	the term loan facilities made available to Apex Frame and HFL by a bank pursuant to a facility agreement (as amended and supplemented) and where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon
“Board”	the board of Directors
“Bonjour Investment”	Bonjour Investment Management Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, and a limited partner of the Fund
“Business Day(s)”	day(s) (excluding Saturdays) on which banks are generally open for normal banking business in Hong Kong
“Closing Date”	the date of first closing of the Fund, upon which the Limited Partners shall make their first batch of capital contribution to the Fund, the Closing Date shall be the Completion Date
“Company”	Bonjour Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 653)
“Completion”	the completion of the Disposal
“Completion Date”	the date of Completion of the Disposal (in any event not later than the Longstop Date)

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## DEFINITIONS

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“Conditional Deed of Waiver”	a conditional deed of waiver entered into between the Company, the Target Company, Apex Frame, Mr. Chen Jianwen (the chairman of the Board, an executive Director and a controlling Shareholder) and the Subscriber on 28 March 2022, pursuant to which the Subscriber has, among other things, conditionally consented to the Disposal and waived its rights and claims under the Deed of Undertaking
“Consideration”	the consideration for the Disposal, being HK\$900,000,000
“Convertible Bonds”	the 8% secured and guaranteed convertible bonds due 2026 in the aggregate principal amount of HK\$129,500,000 issued by the Target Company to the Subscriber on 9 April 2021, and guaranteed by the Company and convertible into Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“CRCI”	CR Capital Investment (Cayman) Limited, a company incorporated in the Cayman Islands, a limited partner of the Fund and is wholly-owned by CRCM
“CRCM”	China Resources Capital Management Limited, a company incorporated in Hong Kong with limited liability and an investment management company indirectly owned and controlled by the CRCM’s Shareholder
“CRCM’s Shareholder”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“Deed of Undertaking”	the deed of undertaking dated 9 April 2021 entered into between the Company, the Target Company, Apex Frame, Mr. Chen Jianwen and the Subscriber, pursuant to which the Subscriber was granted a right of first refusal for the sale of the Property and/or the shares of Apex Centric and Apex Frame, and certain co-development rights in respect of the Property, details of which are set out in the announcement of the Company dated 1 April 2021
“Determination Agent”	the Warranholders (acting on a joint basis), unless the Company has given written notice to the Warranholders promptly after receiving the Warranholders’ determination or calculation, in which case the Determination Agent shall be an independent financial adviser of international repute jointly selected and appointed by the Company and the Warranholders (at the cost of the Company)
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Disposal”	the disposal of the Sale Share from the Company to the Fund
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve, if thought fit, the Disposal, the Investment, the issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares and the transactions contemplated thereunder
“Exercise Period”	the period commencing on the date of issue of the Warrants (being the Completion Date) and ending on 9 April 2026 (both days inclusive)
“Exercise Price”	the exercise price of HK\$0.19 per Warrant, at the aggregate amount of HK\$110,500,000
“Exercise Moneys”	in relation to any Warrant, the amount stated on the certificate for such Warrant as the amount in cash which the registered holder of such Warrant is entitled to subscribe for Share upon the exercise in full of the Subscription Rights represented thereby
“Fair Market Value”	with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by the Determination Agent on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such dividend in cash determined as at the Latest Practicable Date of such dividend (in which case no determination by the Determination Agent would be required), and (iii) where securities are or will be publicly traded in a market of adequate liquidity (as determined by such Determination Agent), the fair market value of such securities shall equal the arithmetic mean of the daily closing prices of such securities during the period of five Trading Days commencing on the first such Trading Day (or if later, the first such Trading Day such securities are publicly traded). Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

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## DEFINITIONS

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“FEC”	Far East Consortium International Limited (遠東發展有限公司*) (stock code: 35), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Fund”	CR Business Innovation Investment Fund L.P., an exempted limited partnership established and registered in the Cayman Islands
“Fund Consultant”	a person appointed and designated by the General Partner as business innovation consultant of the Fund with the unanimous consent of the Limited Partners from time to time
“Fund Documents”	the constitutive and governing documents and agreements in relation to the Fund, which include the Subscription Agreement and the Limited Partnership Agreement
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 May 2021 to allot and issue up to 682,513,199 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting
“General Partner”	CR Business Innovation Investment GP Company Limited, a company incorporated in the Cayman Islands, the general partner of the Fund, and any additional or successor as the general partner of the Fund in accordance with the terms of the Limited Partnership Agreement
“Governmental Authority”	any government in Hong Kong, the Cayman Islands, the British Virgin Islands or elsewhere or political subdivision thereof, any department, agency or instrumentality of any government or political subdivision thereof, any court or arbitral tribunal, and the governing body of any securities exchange, including but not limited to the Stock Exchange
“Group”	the Company and its subsidiaries
“HFL”	Hop Fung Lung Limited (formerly known as Bonjour Cosmetic Wholesale Center Limited), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Independent Valuer”	Dudley Surveyors Limited
“Investment”	the investment in the Fund by Bonjour Investment pursuant to the Subscription Agreement and the Limited Partnership Agreement
“Investment Committee”	the investment committee of the Fund
“Latest Practicable Date”	2 June 2022, being the latest practicable date for ascertaining certain information referred to in this circular
“Lease”	the lease of the Property for the Group’s use as its office premises upon the Group entering into a tenancy agreement with the fund, whereby the Group will lease back the Property for the Group’s use for a term of four years commencing on the Completion Date
“Limited Partners”	collectively, Bonjour Investment and CRCI, being the limited partners of the Fund; and each a Limited Partner
“Limited Partnership Agreement”	the amended and restated limited partnership agreement of the Fund dated 28 March 2022, as may be amended or supplemented from time to time
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	28 July 2022
“Outstanding Principal Amount”	the outstanding principal amount of the Convertible Bonds as at 28 March 2022, being HK\$110,500,000
“Partner(s)”	the General Partner and/or any of the Limited Partners
“Partnership Act”	the Exempted Limited Partnership Act (Revised) of the Cayman Islands
“Permitted Transferee”	in relation to any Partner or former Partner:  (a) a wholly owned subsidiary undertaking or the parent undertaking of such Partner or a wholly owned subsidiary of such Partner’s parent undertaking;

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## DEFINITIONS

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	(b) a replacement trustee or replacement trustees of such Partner which holds its interest of such Partner which holds its interest on trust for one or more beneficial owners provided that there is no change in beneficial ownership of the Partner's interest in the Fund; and
	(c) any custodian or bare nominee of such Partner provided there is no change in beneficial ownership of the Partner's interest in the Fund
“PRC”	the People's Republic of China, and for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	ALL THOSE pieces or parcels of ground situated lying and being at Tsuen Wan, New Territories, Hong Kong and respectively registered in the Land Registry as LOT NO. 458 IN DEMARCATION DISTRICT NO. 443 AND LOT NO. 488 IN DEMARCATION DISTRICT NO.443 TOGETHER with the messuages erections and buildings thereon now known as NOS. 36-42 and NOS. 44-50 WANG WO TSAI STREET, Tsuen Wan, New Territories, Hong Kong
“Relevant Cash Dividend”	the aggregate dividend or cash distribution declared by the Company, including any cash dividend in respect of which there is any Scrip Dividend
“Remaining Group”	the Group excluding the Target Group
“Right of First Refusal”	the Subscriber's right of first refusal to purchase the Property and/or the shares of Apex Frame and/or the shares of the Target Company under the Deed of Undertaking
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company and the Fund on 28 March 2022 in relation to the Disposal
“Sale Share”	one ordinary share of the Target Company, representing the entire issued share capital of the Target Company, wholly and beneficially owned by the Company
“Scrip Dividend”	any fully-paid Shares issued in lieu of a cash dividend pursuant to a scrip dividend scheme
“Seed Project”	the acquisition of the Property by way of purchasing the Sale Share of its indirect holding company, the Target Company

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by a shareholders’ resolution at the annual general meeting of the Company on 24 May 2019
“Shareholder(s)”	holder(s) of Share(s)
“Special Limited Partner”	any person that is designated by the General Partner as a “Special Limited Partner”, and in the absence of such designation, references to “Special Limited Partner” shall mean the General Partner
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to authorise the Directors to issue the Warrants and the Warrant Share upon exercise thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Karfond Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of FEC
“Subscription Agreement”	with respect to each of Bonjour Investment and CRCI, the subscription agreement completed and executed by it as a deed in connection with its admission as limited partner to the Fund, which has been accepted by the General Partner
“Subscription Form”	in relation to any Warrant, the form contained in the Warrant certificate issued in respect thereof, and includes, where the context admits or requires, a consolidated Subscription Form in relation to ( <i>inter alia</i> ) such Warrant, which may be obtained from the Registrar;
“Supplemental Deed”	the supplemental deed dated 30 May 2022 (the “ <b>Supplemental Deed</b> ”) entered into among the Company, the Target Company, Apex Frame, Mr. Chen Jianwen and the Subscriber in relation to amendments to the Conditional Deed of Waiver
“Target Company”	Apex Centric Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Target Group”	the Target Company and Apex Frame

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## DEFINITIONS

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“Temporary Investment”	investments in cash and cash equivalents (including short-term investments in money market funds, bank accounts and other money market instruments) by the Fund in accordance with the Limited Partnership Agreement
“Tenancy Agreement”	The tenancy agreement to be entered into between the Company (or its subsidiary/affiliate) and the Fund in respect of the lease of the Property for the Group’s continued use as its office premises upon Completion
“Trading Day(s)”	a day when the Stock Exchange is open for dealing business
“Warrant(s)”	a total of 581,578,947 unlisted warrants conferring rights to subscribe for 581,578,947 Warrant Shares at the exercise price of HK\$0.19 per Warrant Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants), at any time during the Exercise Period
“Warrantholder(s)”	holder(s) of the Warrants
“Warrant Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Warrants
“Warrant Share(s)”	the new Shares to be issued by the Company upon the exercise of the Warrant Subscription Rights
“Warrant Subscription Rights”	the rights of the Subscriber to subscribe for Warrant Shares upon and subject to the terms and conditions of the Warrants
“%”	per cent

\* For identification purpose only

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LETTER FROM THE BOARD

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**Bonjour Holdings Limited**  
**卓悦控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 653)**

*Executive Directors:*

Mr. Chen Jianwen (Chairman)

Mr. Wan Yim Keung, Daniel

Ms. Chiu Lai Kuen, Susanna

*Independent Non-executive Directors:*

Mr. Kwok Chi Shing

Mr. Lee Kwun Kwan

Mr. Yan Sherman Chuek-ning

*Registered office:*

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

12/F., Bonjour Tower

No. 36-50 Wang Wo Tsai Street

Tsuen Wan, Hong Kong

7 June 2022

*To the Shareholders*

Dear Sir or Madam,

- (1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
THE TARGET COMPANY;**
- (2) MAJOR TRANSACTION IN RELATION TO  
INVESTMENT IN A FUND;**
- (3) ISSUE OF WARRANTS UNDER SPECIFIC MANDATE; AND**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 28 March 2022 in relation to, among other things, the Disposal, the Investment and the issue of Warrants and the announcement dated 30 May 2022 in relation to, among other things, the extension of Longstop Date.

On 28 March 2022 (after trading hours), the Company entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to sell and the Fund agreed to purchase the Sale Shares at an aggregate consideration of HK\$900,000,000, subject to the terms and conditions of the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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On 28 March 2022 (after trading hours), Bonjour Investment (a wholly-owned subsidiary of the Company and a Limited Partner), CRCI (also a Limited Partner) and the General Partner, entered into the Limited Partnership Agreement and the Subscription Agreement, pursuant to which the parties have agreed upon, among other things, that the Limited Partners shall contribute a maximum of HK\$550,000,000 to the Fund subject to the terms of the Limited Partnership Agreement. The principal investment of the Fund is the Seed Project, which involves the Fund acquiring the Sale Share from the Company.

On 30 May 2022, the Company and the Fund entered into the Amendment Agreement, pursuant to which the Company and the Fund agreed to extend the Longstop Date from 31 May 2022 to 28 July 2022, or such other date as the parties may agree in writing.

On 30 May 2022, the Company, the Target Company, Apex Frame, Mr. Chen Jianwen and the Subscriber entered into the Supplemental Deed, pursuant to which the parties to the Supplemental Deed agreed to change the date by which the conditions under the Conditional Deed of Waiver shall be fulfilled from 31 May 2022 to 28 July 2022, or such other date as the parties may agree in writing.

Upon Completion, the Company will issue 581,578,947 Warrants with an aggregate face value of HK\$110,500,000 to the Subscriber. The issue price of the Warrants is nil. Each Warrant carries the right to subscribe for one Warrant Share at an exercise price of HK\$0.19 per Warrant Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants). The Warrant Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal, the Investment and the terms and conditions of the Warrants, (ii) other information as required under the Listing Rules and (iii) a notice convening the EGM.

### **(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

On 28 March 2022 (after trading hours), the Company entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to sell and the Fund agreed to purchase the Sale Share at an aggregate consideration of HK\$900,000,000, subject to the terms and conditions of the Sale and Purchase Agreement.

#### **The Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are as follows:

Date : 28 March 2022

Parties : (1) the Company, as vendor; and  
(2) the Fund, as purchaser.

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## LETTER FROM THE BOARD

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Pursuant to the Sale and Purchase Agreement, the Company has agreed to sell, and the Fund has agreed to purchase the Sale Share at an aggregate consideration of HK\$900,000,000, subject to the terms and conditions thereof. The Target Company directly holds and owns 100% of the issued shares of Apex Frame, which is the legal and beneficial owner of the Property.

### ***Consideration***

The Consideration for the Disposal is HK\$900,000,000, the payment of which will be settled by the Fund through utilising the Bank Facility and the capital commitment of the Limited Partners to be contributed to the Fund on the Closing Date. The Consideration was arrived at after arm's length negotiation between the Company and the Fund with reference to the valuation of the Property at HK\$900,000,000 as at 30 April 2022 appraised by the Independent Valuer adopting market approach and the unaudited consolidated net asset value of the Target Group.

The unaudited net liabilities of the Target Group as at 31 December 2021 were approximately HK\$59,034,000. The adjusted net asset value of the Target Group after taking into account the difference between the market value of the Property of HK\$900,000,000 as at 30 April 2022 (details of which are disclosed in the valuation report included in Appendix V to this circular) and its carrying amount as at 31 December 2021 of approximately HK\$496,890,000 is approximately HK\$344,076,000.

Pursuant to the Sale and Purchase Agreement, the Consideration will be settled in full upon Completion in the following manner:

- (a) the Fund shall procure that the lender under the Bank Facility shall make payment on behalf of Apex Frame and HFL for the outstanding principal amount of HK\$356,000,000 together with accrued interest to repay the Bank Loan in full at Completion;
- (b) the Fund shall, on behalf of the Target Company, make payment to the Subscriber for the outstanding principal amount of HK\$110,500,000 together with accrued interest to redeem the Convertible Bonds in full at Completion;
- (c) the Fund shall deduct from the Consideration an amount of HK\$4,500,000, being the deposit payable by the Company under the Tenancy Agreement at Completion;
- (d) the Fund shall deduct from the Consideration an amount, which as at the Latest Practicable Date is estimated to be approximately HK\$345,000,000, as payment for the full satisfaction of Bonjour Investment's capital contribution to the Fund pursuant to a drawdown notice issued on or around the Completion Date by the Fund to Bonjour Investment in accordance with the terms of the Limited Partnership Agreement (the "**First Drawdown Notice**"); and
- (e) the Fund shall pay to the Company the remaining balance of the Consideration (after deducting the amounts set in (a), (b), (c) and (d) above) by telegraphic transfer of immediately available funds to the Company's bank account in Hong Kong as notified in writing to the Fund at least five (5) Business Days before the Completion Date.

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## LETTER FROM THE BOARD

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Upon the Fund settling the Consideration as aforementioned in full, Bonjour Investment shall be deemed to have contributed the amount required under the First Drawdown Notice to the Fund as capital contribution. For details of the Group's capital contribution to be made to the Fund, please refer to the paragraph headed "(2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND – Subscription Agreement and Limited Partnership Agreement" below in this letter.

### ***Completion***

Completion is subject to the satisfaction or waiver of the conditions precedent under the Sale and Purchase Agreement and shall take place five Business Days after the date (not being later than the Longstop Date) on which the last of the relevant conditions precedent are satisfied or waived in accordance with the Sale and Purchase Agreement (or on such date as may be agreed between the Company and the Fund in writing).

### ***Conditions Precedent***

Completion of the Disposal is subject to the fulfilment of the following conditions precedent:

- (a) Apex Frame being able to show and give good title to the Property in accordance with section 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) and the Fund having completed its due diligence investigation on the Target Group and the Property, the results of which are to the Fund's reasonable satisfaction at the Fund's sole discretion;
- (b) each of the Limited Partners being admitted as limited partners of the Fund in accordance with the terms of the Fund Documents;
- (c) the Fund having obtained the Bank Facility and the Bank Facility being available for drawdown for the purpose of acquiring the Sale Share;
- (d) the Conditional Deed of Waiver having been executed by each of the parties thereto, all conditions under the Conditional Deed of Waiver having been satisfied and the Conditional Deed of Waiver becoming unconditional and valid with full force and effect;
- (e) all other necessary approvals and consents as may be required from any Government Authorities and/or other persons, or pursuant to applicable law for the Sale and Purchase Agreement and the transactions contemplated hereunder having been obtained and not having been withdrawn or revoked prior to Completion;
- (f) compliance by the Company of all applicable requirements under the Listing Rules that are required to be complied with prior to Completion in respect of the establishment of and the capital contributions by Bonjour Investment to the Fund, the entering into of and performance of obligations under the Fund Documents and the Sale and Purchase

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## LETTER FROM THE BOARD

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Agreement by the Company, Bonjour Investment and their associates (as applicable) and the transactions contemplated under the Fund Documents and the Sale and Purchase Agreement;

- (g) the Company having published the announcement(s) and circular(s) and other documents in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirement under the Listing Rules;
- (h) the Company's entering into and performance of its obligations under the Sale and Purchase Agreement having been approved by the shareholders of the Company in an EGM;
- (i) the cross guarantee in respect of the Bank Loan provided by Apex Frame and other subsidiaries of the Company having been released and Apex Frame having been discharged from all obligations and liabilities thereunder;
- (j) all amounts due to the Company or any of its associates by the Target Company and/or Apex Frame having been repaid in full;
- (k) each of (i) the existing share charge on the entire issued share capital of the Target Company in favour of the Subscriber, (ii) the existing mortgage over the Property; (iii) the existing rental assignment in respect of the Property; and (iv) the Deed of Undertaking having been discharged and released and the Property being free from any mortgages, charges, etc., save and except the Tenancy Agreement;
- (l) the Target Company remaining as the sole legal and beneficial owner of the entire issued share capital in Apex Frame and Apex Frame remaining as the sole legal and beneficial owner of the Property;
- (m) all the representations, undertakings and warranties given by the Company under the Sale and Purchase Agreement remaining true and accurate in any material respects and not misleading;
- (n) (i) no applicable laws shall have been promulgated or enacted that materially delays or makes illegal the performance of the Sale and Purchase Agreement; (ii) no applicable injunction, restraining order or order of similar nature by a Governmental Authority that materially delays or makes illegal the performance of the Sale and Purchase Agreement shall be effective; and (iii) no applicable Governmental Authority shall have instituted any claim, suit, action, arbitration, investigation or other legal or administrative proceeding against or affecting the Target Company that seeks to materially delay or make illegal the performance of the Sale and Purchase Agreement;
- (o) no proceeding challenging the Sale and Purchase Agreement or the transactions contemplated thereby, or seeking to prohibit, alter, prevent or delay the Completion, shall have been instituted or be pending before any court, arbitrator, governmental body, agency or official;

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## LETTER FROM THE BOARD

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- (p) no major part of the Property is, for any reason, condemned, closed or declared dangerous by any relevant Governmental Authority, destroyed, rendered inaccessible or subject to demolition order(s) or closure order(s) under the Buildings Ordinance or the Demolished Buildings (Re-development of Sites) Ordinance (Chapter 337 of the Laws of Hong Kong) or any other legislation of a like nature; and
- (q) there being no resumption notice issued in respect of the Property or any part or parts thereof on or before the Completion Date.

The Disposal, the Investment and issue of the Warrants are contractually inter-conditional upon each other.

The above conditions cannot be waived except the conditions stated in paragraphs (a), (j), (k), (l), (m), (o), (p) and (q) above. As at the Latest Practicable Date, none of the conditions precedent set out above have been satisfied or waived.

### ***Longstop Date***

The Longstop Date is 28 July 2022 (or other dates mutually agreed by the parties). If the condition under paragraphs (g) and (h) above are not satisfied on or before the Longstop Date or any of the other conditions precedent is not satisfied or waived in accordance with the Sale and Purchase Agreement at or before Completion, the Sale and Purchase Agreement shall be automatically terminated and all parties thereto shall have no further obligations and liabilities under the Sale and Purchase Agreement, save for any antecedent breach.

### ***Leasing of the Property upon Completion***

Upon Completion, the Company and Apex Frame will enter into the Tenancy Agreement, whereby Apex Frame will lease the Property to the Group for the Group's use for a term of four years commencing on the Completion Date.

The principal terms of the Tenancy Agreement are as follows:

- Parties: (1) Apex Frame, as landlord; and  
(2) the Company, as tenant
- Premises: the Property
- Term: four years commencing on the Completion Date
- Rent: HK\$27,000,000 for the first year  
HK\$27,810,000 for the second year  
HK\$28,644,300 for the third year  
HK\$29,503,629 for the fourth year

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## LETTER FROM THE BOARD

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Deposit: HK\$4,500,000, which shall be deducted from the Consideration upon completion of the Sale and Purchase Agreement. For details, please refer to the paragraph headed (1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY – The Sale and Purchase Agreement – Consideration” above in this letter.

Usage: the Group’s premises for its operation

The Directors, including the independent non-executive Directors, considered that the terms of and transactions contemplated under the Tenancy Agreement were entered into on normal commercial terms after arm’s length negotiations between the parties, having taken into consideration the prevailing market rent for comparable office premises in the same district of the Property.

### **Right-of-use asset**

The value of the right-of-use asset recognised by the Group under the Tenancy Agreement amounts to approximately HK\$97,000,000, which is calculated with reference to the present value of the aggregated lease payments to be made under the Tenancy Agreement in accordance with Hong Kong Financial Reporting Standard 16 Leases.

### **Listing Rules Implication**

As one or more applicable percentage ratios in respect of the lease under the Tenancy Agreement based on the value of the right-of-use asset recognised by the Group is more than 5% but below 25%, the lease under the Tenancy Agreement constitutes a discloseable transaction of the Company, and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

### **Information on the Company**

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 653). The Company is principally engaged in investment holding and the Group is principally engaged in the retail and wholesale of brand name beauty, health and lifestyle products in Hong Kong, Macau and internationally.

### **Information on the Fund**

The Fund is an exempted limited partnership established in the Cayman Islands, details of which are set out in the section headed “(2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND” below in this letter.

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## LETTER FROM THE BOARD

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### Information on the Target Group

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. The Target Company directly holds and owns the entire issued share capital of Apex Frame, which is the legal and beneficial owner of the Property. Apex Frame is a company incorporated in Hong Kong with limited liability which is principally engaged in property holding, leasing and provision of property management and maintenance services in respect of the Property. The Property is currently used by the Group as premises for its operation.

The unaudited net liabilities and total assets value of the Target Group as at 31 December 2021 were approximately HK\$59,034,000 and HK\$497,944,000 respectively.

The unaudited consolidated financial results of the Target Group for the financial years ended 31 December 2019, 2020 and 2021 are as follows:

	For the year ended		
	31 December		
	2019	2020	2021
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Net loss before taxation and extraordinary items	5,609	9,166	37,997
Net loss after taxation and extraordinary items	6,254	9,973	37,219

The unaudited net loss before taxation and extraordinary items of the Target Group for the year ended 31 December 2019 of approximately HK\$5.6 million was primarily due to the finance cost incurred of approximately HK\$5.8 million. The unaudited net loss before taxation and extraordinary items of the Target Group for the year ended 31 December 2020 of approximately HK\$9.2 million was primarily due to the finance cost incurred of approximately HK\$6.2 million and rent-free period offered to the tenant. The unaudited net loss before taxation and extraordinary items of the Target Group for the year ended 31 December 2021 of approximately HK\$38.0 million was primarily due to the fair value loss on the Convertible Bonds of approximately HK\$26.0 million and the finance cost incurred of approximately HK\$18.2 million.

### Financial Effect of the Disposal

Upon Completion, the Target Company and the Apex Frame will cease to be subsidiaries of the Company, and the financial results of the Target Group will no longer be consolidated into the accounts of the Group.

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## LETTER FROM THE BOARD

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The Group is expected to record a gain on the Disposal of approximately HK\$359,639,000, which is calculated based on the Consideration received by the Group for the Disposal of HK\$900,000,000 less the estimated consolidated net asset value of the Target Group as at the Completion Date of approximately HK\$538,361,000, after the adjustments of (i) capitalisation of net liabilities which mainly represented the amounts due to other Group companies before Completion Date of approximately HK\$554,335,000 and (ii) net lease assets and lease liabilities generated from the Disposal and the lease under the Tenancy Agreement of approximately HK\$43,060,000 from the unaudited net liabilities of the Target Group as at 31 December 2021 of approximately HK\$59,034,000 and the relevant expenses in relation to the Disposal of approximately HK\$2,000,000.

The aforementioned financial effects are shown for illustrative purpose only and the actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audits by the auditors of the Company.

### (2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND

On 28 March 2022 (after trading hours), Bonjour Investment (a wholly-owned subsidiary of the Company and a Limited Partner), and CRCI (also a Limited Partner) and the General Partner entered into the Limited Partnership Agreement and the Subscription Agreement, pursuant to which the parties have agreed upon, among other things, that the Limited Partners shall contribute a maximum of HK\$550,000,000 to the Fund, subject to the terms of the Limited Partnership Agreement. The principal investment of the Fund is the Seed Project, which involves the Fund acquiring the Sale Share from the Company.

#### Subscription Agreement and Limited Partnership Agreement

The principal terms of the Subscription Agreement and the Limited Partnership Agreement are as follows:

- |             |   |   |
|-------------|---|---|
| Date        | : | 28 March 2022   |
| Partnership | : | CR Business Innovation Investment Fund L.P., an exempted limited partnership established and registered in the Cayman Islands   |
| Parties     | : | (1) the General Partner, as general partner;<br>(2) Bonjour Investment, as limited partner; and<br>(3) CRCI, as limited partner; and<br>(4) Ogier Global Subscriber (Cayman) Limited, as initial limited partner (the “ <b>Initial Limited Partner</b> ”) |

Being the initial limited partner to facilitate the establishment of the Fund for administrative purpose, the Initial Limited Partner will be withdrawn from the Fund upon the Limited Partners being admitted as limited partners of the Fund pursuant to the Limited Partnership Agreement.

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## LETTER FROM THE BOARD

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### ***The Fund***

The Fund is an exempted limited partnership and has been registered as such in the Cayman Islands pursuant to the Partnership Act.

The business and purposes of the Fund are to generate long-term capital appreciation by acquiring, holding, operating and realising investments in the Property, as well as by exploring the participation in potential technology and innovation projects and investments. The Investment Committee will be established for discussion and decision on potential investment projects, taking into account various investment decision factors such as (i) the expected cashflow, returns and volatility of the investment; (ii) government policy and industry specific regulations; and (iii) the expected market supply and demand of the investment. Also, legal and financial due diligence will be conducted on potential investment projects to ensure that the market risk, credit risk, legal risk and operational risk are mitigated and hence the investors' interest are safeguarded.

### ***Capital commitment***

Pursuant to the Subscription Agreement and the Limited Partnership Agreement, the total capital commitment of the Limited Partners in the Fund as of the Closing Date is as follows:

<b>Limited Partners</b>	<b>Capital Commitment</b>	<b>Percentage of total capital commitment</b>
Bonjour Investment	HK\$412,500,000	75%
CRCI	HK\$127,500,000	25%
<b>Total</b>	<b>HK\$550,000,000</b>	<b>100%</b>

The capital contribution shall be made by the Limited Partners in the following manner:

- (a) Bonjour Investment and CRCI shall contribute HK\$345,000,000 and HK\$115,000,000, respectively, to the Fund on the Closing Date; and
- (b) Bonjour Investment and CRCI will contribute the remaining HK\$90,000,000 pro rata to their respective percentage of total capital contribution commitment (i.e. 75% and 25%, respectively) to the Fund on a date to be designated by the General Partner.

Upon the Fund settling the Consideration for the Disposal in full, Bonjour Investment shall be deemed to have contributed HK\$345,000,000 to the Fund as capital contribution (the “**Initial Fund Contribution**”). For details of the Disposal, please refer to the section headed “(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY” above in this letter. The amount of the capital commitment of each of the Limited Partners was arrived at after arm's length negotiations between the parties with reference to, among other things, the anticipated capital requirements of the Fund. The Group's investment in the Fund will be accounted for as a joint venture in the Group's financial statements. According to HKFRS 11, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Although the Group has 75% interest in the Fund and will appoint two out of five members in the Investment Committee, the Group's investment in the Fund will be accounted for as a joint venture as the important

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## LETTER FROM THE BOARD

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decisions that has significant effect on the returns of the Fund require the unanimous approval of all members of Investment Committee. Hence, the Group's investment in the Fund will be accounted for as a joint venture as it is structured through a separate vehicle and the legal form of the separate vehicle gives the investors rights to the net assets of the arrangement. There are no contractual arrangements or other facts and circumstances that over-ride the legal form of the arrangement.

### ***Conditions***

The Group's investment in the Fund is conditional upon Bonjour Investment giving notice to the General Partner that the Company has obtained the relevant approval from its Shareholders pursuant to the requirements under the Listing Rules for Bonjour Investment to be admitted as a Limited Partner.

The Disposal, the Investment and issue of the Warrants are contractually inter-conditional upon each other.

### ***Term of the Fund***

The term of the Fund is four years commencing from the Closing Date, which can be extended by one year at the option of the General Partner, and can be further extended by one year if so agreed by the General Partner and the Limited Partners.

### ***Management of the Fund***

Pursuant to the Limited Partnership Agreement, the General Partner is responsible for, among other things, the overall operation and management of the general business of the Fund, provided that the General Partner shall not undertake any of the reserved matters relating to the Fund (as further set out below) without the approval of the Investment Committee. All non-reserved matters relating to the Fund, including but not limited to managing the general business of the Fund, exercising portfolio and risk management functions and making investment and divestment decisions (excluding investment and divestment decisions in respect of the Target Group or the Property), are to be determined by the General Partner, unless the prior consent of the Limited Partners is otherwise required. The General Partner may consult the Investment Committee for its recommendations or determinations on non-reserved matters. Such recommendations or determinations of the Investment Committee may be determined by a simple majority of votes, but shall not commit the General Partner to take a particular course of action.

The Investment Committee shall comprise of up to five members, among which three will be appointed by CRCI and two will be appointed by Bonjour Investment. Each member shall have one vote. If the capital commitment of Bonjour Investment falls below 25% of the total capital commitment of the Fund, the two members appointed by Bonjour Investment to the Investment Committee shall be removed and Bonjour Investment will instead be able to appoint up to two observers to the meetings of the Investment Committee. The observers may be allowed to attend all meetings of the Investment Committee, but will not be entitled to vote at such meeting. The reserved matters specified in the Limited Partnership Agreement require the unanimous approval of all of the members of the Investment Committee. The reserved matters include but are not limited to (i) acquiring or disposing of any investment in the Target Group and the Property by the Fund, changing (including any variation of rights) the issued share capital and disposing any shares in the Target Company and Apex Frame; (ii) entering into bank loan providing any security or

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## LETTER FROM THE BOARD

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creating any encumbrance over any assets of the Fund, issuing shares, convertible notes, options or other equity or debt securities that are convertible into or exchangeable or exercisable for any shares in the Target Company and Apex Frame (except for the Bank Facility); (iii) approving the annual business plan and budget; and (iv) giving consent to material changes of town planning, land use, building use, etc. and the payment of land premium in relation to the Property.

Furthermore, certain key matters of the Fund including without limitation: (i) changes to changing the maximum total capital commitment to the Fund; (ii) increase of a Limited Partner's capital commitment; (iii) admission of additional limited partners to the Fund; (iv) withdrawal of the General Partner; (v) agreement to winding up and subsequent dissolution of the Fund before expiry of the Fund; and (vi) continuation of the Fund despite the death, commencement of liquidation, bankruptcy, or dissolution proceedings in respect of, or removal or making of a winding up or dissolution order in relation to the General Partner, are subject to the unanimous consent of the Limited Partners.

The Directors are of the view that the Fund structure is different from direct ownership of the Property. The Fund is structured in the form of an exempted limited partnership under Cayman Islands law, which limits the liability of its limited partners (including Bonjour Investment) to its capital commitment to the Fund provided that it has not assumed an active role in the partnership business or has not taken on duties as a general partner. As general partner of the Fund, the General Partner (i.e. a wholly owned subsidiary of CRCM) would be subject to unlimited liability for the debts of the Fund, which as a result require the General Partner to maintain certain rights and power. Nonetheless, the Board believes that having two out of five Investment Committee members could exert sufficient negative control with the ability to act as veto on certain significant matters. Besides, the General Partner is subject to the duty to act in good faith and in the interests of the Fund. Bonjour Investment as a Limited Partner has the right to bring a claim against the General Partner if it has acted outside its duty under law or is otherwise in breach of its obligations under the Limited Partnership Agreement. With over 15 years of private equity real estate experience, reputation risk management is imperative to CRCM and CRCM's Shareholder. The Directors are therefore confident that the Fund structure provides sufficient protection for the Group's interest in the Fund.

Given (i) the experiences and qualifications of CRCM and its affiliates with respect to operation and management of the Fund, details of which are set out in the paragraph headed "(2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND – Information on the General Partner" below in this letter; and (ii) the mechanism regarding the approval of reserved matters as set out above, our Directors are of the view that the above arrangement in respect of the management of the Fund is fair and reasonable to the Company and is in the interest of the Company and its Shareholders as a whole.

### ***Seed Project***

As at the Latest Practicable Date, the Fund had entered into the Sale and Purchase Agreement to acquire the Property by way of purchasing the entire issued share capital of the Target Company.

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## LETTER FROM THE BOARD

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### ***Distribution of proceeds***

Subject to the terms of the Limited Partnership Agreement, after the payment of the expenses of the Fund and any liabilities of the Fund, all proceeds received by the Fund in respect of each investment by the Fund in any current or contingent interest in the Target Group or the Property (including but not limited to, shares, debentures, convertible loan stock, options, warrants or other securities in and loans (whether secured, unsecured or subordinated) made to or any participation, interest or commitment in the Target Group or the Property) will be provisionally apportioned amongst the Partners on a pro rata basis based on their capital contribution generally. The proceeds will then be re-apportioned and distributed to each Limited Partner, the General Partner and the Special Limited Partner based on the following order:

- (i) firstly, the proceeds shall be distributed to such Limited Partner until such Limited Partner has received an amount equal to their respective capital contribution;
- (ii) secondly, such amount of proceeds (after distribution of proceeds as stipulated in (i) above) shall be distributed to such Limited Partner until such Limited Partner had received an amount equivalent to an internal rate of return of 6% compounded annually in respect of the respective capital contribution of such Limited Partner as stipulated in the Limited Partnership Agreement;
- (iii) thirdly, such amount of proceeds to such Limited Partner and each of the General Partner and the Special Limited Partner in the proportion of 40%, 36% and 24%, respectively, on a *pari passu* basis until the General Partner and the Special Limited Partner have received an amount equal to 9% and 6%, respectively, of the aggregate of the amount of proceeds distributed to such Limited Partner pursuant to paragraph (ii) above and the amount of proceeds distributed to the General Partner, the Special Limited Partner and such Limited Partner pursuant to this paragraph (iii) with respect to such Limited Partner; and
- (iv) lastly, 85%, 9% and 6% of the remaining proceeds (after distribution of proceeds as stipulated in (i), (ii) and (iii) above) shall be distributed to such Limited Partner, the General Partner and the Special Limited Partner, respectively.

Subject to the terms of the Limited Partnership Agreement, net cash income of the Fund and its investment shall be distributed to the Limited Partners in accordance with the above generally on a quarterly basis. The income from the Temporary Investment to be received by the Fund will be distributed to all Partners (including the General Partner, as the case may be) pro rata in proportion to their respective interests in the Fund that produce such proceeds from the Temporary Investment, as reasonably determined by the General Partner.

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## LETTER FROM THE BOARD

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### ***Termination of the Fund***

Subject to the terms of the Limited Partnership Agreement, upon the expiry of the Fund, the Fund shall commence winding-up. Upon commencement of the winding up of the Fund, and as required by the Partnership Act, the General Partner shall act as the liquidator, itself or appoint another person who has due skill and authority to act as the liquidator, and the liquidator shall cause the Fund to pay all debts, obligations and duties of the Fund and all costs of winding up and shall make adequate provision for any present or future contemplated obligations or contingencies in each case to the extent of the assets of the Fund. The liquidator shall be authorised to sell all or any of the assets of the Fund or distribute all or any of the assets of the Fund in specie at the value reasonably determined by the liquidator. The proceeds of the realisation of any investment of the Fund and other assets of the Fund and any assets distributed in specie shall be on the basis as set out in the paragraph headed “(2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND – Subscription Agreement and Limited Partnership Agreement – Distribution of proceeds” above in this letter.

### ***Loss Sharing***

Subject to the terms of the Limited Partnership Agreement, the debts and liabilities of the Fund shall be allocated among the Limited Partners pro rata in proportion to their capital contribution in respect of an investment of the Fund or pro rata in proportion to their capital commitment in respect of any Fund expense unrelated to any investment of the Fund (provided that the amount allocated to each Limited Partner shall not exceed such Limited Partner’s capital commitment).

### ***Fees***

The Fund shall pay management fees to the General Partner on a quarterly basis in the amount of 1.5% per annum of the total Fund size.

The Fund will also engage the Fund Consultant as business innovation consultant to provide consultancy services to the Fund. The Fund Consultant will be a person appointed and designated by the General Partner with the unanimous consent of the Limited Partners from time to time. It is expected that the Fund Consultant will be a joint-venture company owned as to 50% by a wholly-owned subsidiary of the Company, and as to 50% by CRCM or its affiliate. An upfront fee of HK\$2,500,000 will be paid to the Fund Consultant within one year from the Closing Date, an annual consultation fee of HK\$3,500,000 will be paid to the Fund Consultant for their consultancy services and an amount equal to 5% of the capital gains of investment will be paid to the Fund Consultant upon realisation of each investment.

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## LETTER FROM THE BOARD

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### ***Restriction on transfer on interest in the Fund***

Subject to the terms of the Limited Partnership Agreement, the General Partner shall not transfer all or any part of its rights and obligations as the general partner of the Fund nor voluntarily withdraw as the general partner of the Fund without unanimous consent of the Limited Partners.

Subject to the terms of the Limited Partnership Agreement, no transfer of all or any part of any Limited Partner's interest in the Fund, whether direct or indirect, voluntary or involuntary, shall be valid or effective except with the prior written consent of the General Partner, which such consent shall not be unreasonably withheld in the case of any transfer to a Permitted Transferee.

### ***Financial effect on the investment in the Fund***

After the Group's investment in the Fund, the Fund will be accounted for as an investment in joint ventures in the consolidated statement of assets and liabilities of the Group in accordance with the Group's accounting policies and the HKFRS. Assuming that the transaction contemplated under the Limited Partnership Agreement and the Subscription Agreement has been fully in effect, the immediate financial effect of the Group would be (1) an increase in the investment in interests in joint ventures by approximately HK\$345,000,000; (2) no cash impact of the Group since the Fund shall deduct from the Consideration as payment for the full satisfaction of Bonjour Investment's capital contribution to the Fund; and (3) no significant impact in the earnings of the Group.

### **Information on the General Partner**

CR Business Innovation Investment GP Company Limited is a company incorporated in Cayman Islands with limited liability and is principally engaged in investment holding. CR Business Innovation Investment GP Company Limited is a wholly-owned subsidiary of CRCM, which is a company limited by shares incorporated in Hong Kong, a private investment company and wholly-owned subsidiary of the CRCM's Shareholder. CRCM's Shareholder is a diversified holding company registered in Hong Kong. CRCM's Shareholder was first established as "Liow & Co." in Hong Kong in 1938, and was later restructured and renamed as China Resources Company in 1948. In 1952, instead of being affiliated to the General Office of the Central Committee of the Communist Party of China, it came under the Central Trade Department (now known as the Ministry of Commerce). In 1983, it was again restructured into China Resources (Holdings) Co., Ltd. In December 1999, CRCM's Shareholder was no longer linked to the Ministry of Foreign Trade and Economic Cooperation, and came under state management. In 2003, under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of PRC, it became one of the key state-owned enterprises. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the General Partner and its ultimate beneficial owners are Independent Third Parties.

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## LETTER FROM THE BOARD

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CRCM (rebranded since 2016) is a company established in 2006 with over 15 years of track record and experience in private equity investment in real estate consumers, technology and other sectors globally. CRCM focuses on investments in both domestic China and international markets and in sectors such as healthcare, consumer products, urban construction and operations, energy services, technology and innovation, energy conservation and environmental protection. As of 31 March 2022, CRCM had advised or managed or is advising or managing 24 onshore RMB and offshore USD funds (not including the Fund), as well as three investment companies, and the total accumulative assets under its management and advice are approximately RMB120 billion. CR Capital Investment Management Limited is a wholly-owned subsidiary of CRCM and is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. CRCM also holds PRC fund management license through its wholly-owned affiliate.

### **Information on the Limited Partners**

Bonjour Investment is an investment holding company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company.

CRCI is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. CRCI is wholly owned by CRCM. CRCM is a company limited by shares incorporated in Hong Kong and an investment management company indirectly owned and controlled by the CRCM's Shareholder. For details of the background of CRCM's Shareholder, please refer to the paragraph headed "(2) MAJOR TRANSACTION IN RELATION OF INVESTMENT IN A FUND – Information on the General Partner" above in this letter. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CRCI and its ultimate beneficial owners are Independent Third Parties.

### **(3) ISSUE OF WARRANTS UNDER SPECIFIC MANDATE**

#### **Background**

As disclosed in the announcements of the Company dated 1 April 2021 and 9 April 2021, the Target Company issued the Convertible Bonds in the principal amount of HK\$129,500,000 to the Subscriber on 9 April 2021. On the same day, the Company, the Target Company, Apex Frame, Mr. Chen Jianwen and the Subscriber entered into the Deed of Undertaking whereby the Subscriber was granted a right of first refusal for the sale of the Property and/or the shares of the Target Company and Apex Frame, and a co-development right in respect of the Property, further details of which are disclosed in the announcement of the Company dated 1 April 2021.

On 2 July 2021, the Subscriber exercised its conversion rights attaching to the Convertible Bonds based on the conversion price of HK\$0.19 per Share, upon which the Company allotted and issued 100,000,000 Shares to the Subscriber on 6 July 2021 under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 22 May 2020 to allot and issue up to 682,513,199 Shares, being 20% of the total number of Shares in issue as at the date of the said annual general meeting.

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## LETTER FROM THE BOARD

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The Disposal is conditional upon, among other matters, (a) consent from the Subscriber in respect of the Disposal having been obtained; and (b) waiver of all the Subscriber's rights and claims under the Deed of Undertaking upon full redemption of the Convertible Bonds having been obtained. For details, please refer to the paragraph headed "(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY – The Sale and Purchase Agreement – Conditions Precedent" above in this letter.

Pursuant to the terms of the Convertible Bonds, the Disposal constituted an event which confers a right on the Subscriber to, at its option, require early redemption of the Convertible Bonds before its maturity date, which is 9 April 2026 ("**Early Redemption**"). On the other hand, pursuant to the terms of the Convertible Bonds, unless previously redeemed, converted or purchased and cancelled, the earliest date on which the Target Company may at its option, redeem the outstanding Convertible Bonds is 9 April 2024.

The Directors considered that the issue of Warrants to the Subscriber at nil consideration would serve as a necessary and suitable incentive for the Subscriber to (i) consent to the Disposal, and (ii) waive all its rights and claims under the Deed of Undertaking upon Early Redemption, both of which are conditions precedent to the Disposal. In particular, the issue of the Warrants to the Subscriber ensures that the Subscriber's rights to subscribe for Shares under the Convertible Bonds are not adversely affected. As such, the issue of the Warrants to the Subscriber would enable the Company to obtain the Subscriber's consent to the Disposal and waiver of the Subscriber's rights under the Deed of Undertaking, and hence facilitate the completion of the Disposal.

A notice will be issued in accordance with the terms and conditions of the Convertible Bonds for the redemption of all its Convertible Bonds at their Outstanding Principal Amount together with accrued and unpaid interest up to but excluding the date of redemption.

Pursuant to the Conditional Deed of Waiver, the Subscriber has, among other things, consented to the Disposal and waived its rights and claims under the Deed of Undertaking, on the condition that:

- (a) the Target Company having redeemed all the outstanding Convertible Bonds at its principal amount (which in aggregate is HK\$110,500,000 as at the date hereof) together with accrued and unpaid interest up to and excluding the date of such redemption; and
- (b) the Company having issued the Warrants with a maturity date matching the maturity date of the Convertible Bonds (which is 9 April 2026) to the Subscriber which shall be convertible into 581,578,947 Shares at the same exercise price as the conversion price of the Convertible Bonds (HK\$19.0 cents) (which represents an aggregate amount of HK\$110,500,000 being the principal amount of the outstanding Convertible Bonds as at the date hereof), subject to market standard anti-dilution adjustments.

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## LETTER FROM THE BOARD

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Therefore, upon the Fund paying the Subscriber the outstanding principal amount of HK\$110,500,000 together with accrued interest on behalf of the Target Company to redeem the Convertible Bonds in full pursuant to the Sale and Purchase Agreement, the outstanding Convertible Bonds shall be redeemed in full and the Subscriber's consent to the Disposal under the Conditional Deed of Waiver shall become unconditional and effective, and the Company will issue 581,578,947 Warrants on the terms set out in the paragraph headed "Salient Terms of the Warrants" below upon full redemption of the Convertible Bonds.

### **Salient Terms of the Warrants**

The principal terms of the Warrants are as follows:

Issuer:	the Company
Subscriber:	Karfond Limited, the Subscriber
Issue date:	the Completion Date
Warrants to be issued:	581,578,947 Warrants, each carrying the right to subscribe for one Warrant Share
Issue price:	Nil
Exercise price:	HK\$0.19 per Warrant Share (subject to adjustment events)
Adjustment events:	As set out in the paragraph headed "Adjustments to the Exercise Price" below.
Exercise Period:	the period commencing on the date of issue of the Warrants and ending on 9 April 2026 (both days inclusive)
Transferability:	The Warrants may be transferred (in whole or in part but in any case in an authorised denomination), except to (i) a connected person (as defined in the Listing Rules) of the Company and (ii) any person or entity (or its affiliates) which is engaged in a business which directly compete with the principal business of the Group. In the event of a transfer to connected person of the Company, prior approval from the Company and the Stock Exchange shall be obtained and the Company will comply with the relevant requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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Ranking:	The Warrant Shares to be allotted and issued upon exercising of the Warrant Subscription Rights, when issued and fully paid, will rank <i>pari passu</i> in all respects with the existing issued Shares as at the date of issue.
Voting and distribution:	The Warrantholders will not be entitled to attend or vote at general meetings of the Company by reason only of being the holders of Warrants. The Warrantholders will not be entitled to participate in any distribution and/or offers of further securities made by the Company by reason only of being the holders of the Warrants.
Restriction on exercise of the Warrant Subscription Rights:	Warrantholders shall not be entitled to exercise the whole or part of the Warrant Subscription Rights attaching to the Warrants unless immediately after such exercise there will be sufficient public float of the Company in accordance with the Listing Rules.

### Warrant Shares

As at the Latest Practicable Date, the Company has a total of 3,512,565,999 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the Warrant Subscription Rights, a maximum of up to 581,578,947 new Warrant Shares will be issued, which represent approximately 16.56% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 14.21% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares under the Warrants.

Pursuant to Rule 13.36(7) of the Listing Rules, the Company may not issue warrants to subscribe for (i) any new Shares or (ii) any securities convertible into new Shares, for cash consideration pursuant to a general mandate given under Rule 13.36(2)(b) of the Listing Rules. Therefore, the issue of the Warrants and the Warrant Shares are subject to the approval of the Shareholders. The Warrant Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. The Company will make application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares upon exercise of the Warrant Subscription Rights on the Stock Exchange.

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## LETTER FROM THE BOARD

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### Issue Price and Exercise Price

The issue price of the Warrants is nil. Based on the valuation conducted by an independent valuer by using the Black-Scholes pricing model and taking into account the reasons and benefits as set out in the paragraph headed “REASONS FOR AND BENEFIT OF THE DISPOSAL, THE INVESTMENT AND THE ISSUE OF WARRANTS” below in this letter, the Directors are of the view that it is fair and reasonable for the Company to issue the Warrants in nil price.

The exercise price (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants) of the Warrants is HK\$0.19 per Warrant Share, which represents: (1) approximately 54.472% premium to the closing price of HK\$0.1230 per Share as quoted on the Stock Exchange on the date of this circular; and (2) approximately 64.076% premium to the average closing price of HK\$0.1158 per Share for the last five consecutive Trading Days immediately preceding the Latest Practicable Date.

The exercise price aforementioned was determined after arm’s length negotiations between the Company and the Subscriber, taking into account of, among other things, the Outstanding Principal Amount under the Convertible Bonds, the prevailing market price of the Shares and the recent market conditions. The Directors are of the opinion that the exercise price is fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

The preliminary fair value of the Warrants as at 25 February 2022 based on the Black-Scholes pricing model assessed by an independent valuer is approximately HK\$26.3 million and the fair issue price per Warrant is approximately HK\$0.045.

The Directors considered that the issue of Warrants to the Subscriber at nil consideration is fair and reasonable because:

- (a) The Company would save the interest expenses and cash outflow of approximately HK\$35.4 million (being the outstanding balance of the Convertible Bonds as at 9 April 2022 of HK\$110,500,000 with 8% interest per annum and maturity date of 9 April 2026) assuming the Convertible Bonds are fully redeemed on 9 April 2022;
- (b) The fair value of the Warrants of approximately HK\$26.3 million does not constitute any cash outflow to the Company;
- (c) The exercise price, exercise period and the number of Warrant Shares issued to the Subscriber is the same as the conversion price, conversion period and number of the Shares under the Convertible Bonds. No additional Shares or any discount in the exercise price were provided to the Subscriber; and

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## LETTER FROM THE BOARD

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- (d) Given the earliest date on which the Target Company may, at its option, redeem the Convertible Bonds is 9 April 2024, the preliminary implied redemption right of the Convertible Bonds offered by the Subscriber for the Early Redemption as at 25 February 2022, as assessed by an independent valuer by using the Black-Scholes pricing model with the assumption that the Company has the right to redeem the Convertible Bonds anytime before the Maturity, is approximately HK\$24.8 million, which is close to the preliminary fair value of the Warrants. With reference to the preliminary implied redemption right of the Convertible Bonds based on the existing redemption term of the Convertible Bonds as at 25 February 2022, as assessed by an independent valuer by using the Black-Scholes pricing model with the assumption that the Company has the right to redeem the Convertible Bonds on 7 April 2024 or 7 April 2025, is approximately HK\$7.9 million. Hence, the difference in the valuation of the preliminary implied redemption right of the Convertible Bonds arising from the difference in the redemption terms is approximately HK\$16.9 million.

### **Adjustment to the Exercise Price**

The Exercise Price is subject to adjustments as follows:

- (a) Consolidation, subdivision, redesignation or reclassification: if and whenever there shall be an alternation to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration

Such adjustment shall become effective on the date such consolidation, subdivision, redesignation or reclassification takes effect.

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## LETTER FROM THE BOARD

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- (b) Capitalisation of profits or reserves:
- (i) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves and/or share premium account (including Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend)) and which would not have constituted a distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue

Such adjustment shall become effective on the date of issue of the Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of Scrip Dividend where the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the current market price per Share on the date of announcement of the terms of such Scrip Dividend exceeds 105 per cent. of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

Where

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend for which Shareholders have elected to receive as Shares issued by way of Scrip Dividend, and (ii) the denominator is the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the current market price per Share; and

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## LETTER FROM THE BOARD

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C is the aggregate nominal amount of the Shares issued by way of such Scrip Dividend.

- (c) Distributions: If and whenever the Company shall pay or make any distribution to the Shareholders (except to the extent that the Exercise Price falls to be adjusted under paragraph (b) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the current market price per Share on the date on which the distribution is first publicly announced; and

B is the fair market value on the date such announcement of the portion of the distribution in Hong Kong dollars attributable to one Share;

Such adjustment shall become effective on the date that such distribution is actually paid or made or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, fair market value shall be determined as at the date on which the distribution is first publicly announced or, if later, the first date on which the fair market value of the relevant distribution is capable of being determined as provided in the Warrant Instrument.

In making any calculation pursuant to this paragraph (c), such adjustments (if any) shall be made as the Determination Agent may consider appropriate to reflect (i) any consolidation or subdivision of the Shares, (ii) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (iii) the modification of any rights to dividends of Shares or (iv) any change in the fiscal year of the Company.

- (d) Rights issues of shares or options over Shares: If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 92.5 per cent. of the current market price per Share on the date of the first public announcement of the terms of the issue or grant, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

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## LETTER FROM THE BOARD

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Where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such current market price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (e) Rights issues of other securities: If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

Where:

- A is the current market price per Share on the date on which such issue or grant is publicly announced; and
- B is the fair market value per Share on the date of such announcement of the portion of the rights attributable to one Share.

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## LETTER FROM THE BOARD

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Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be. For the purpose of the above, fair market value shall be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the fair market value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided in the Warrant Instrument.

- (f) Issues at less than current market price: If and whenever the Company shall issue (otherwise than as mentioned in paragraph (d) above) any Shares (other than Shares issued on the exercise of Warrant Subscription Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or shall issue or grant (otherwise than as mentioned in paragraph (d) above) options, warrants or other rights (other than the Warrant Subscription Rights under the Warrants) to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 92.5 per cent. of the current market price on the date of the first public announcement of the terms of such grant or issue, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

Where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Share to be issued or the exercise of such options, warrants or other rights would purchase at such current market price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

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## LETTER FROM THE BOARD

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- (g) Other issues at less than current market price: save in the case of an issue of securities arising from a subscription or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this paragraph (g), if and whenever the Company or any of its subsidiaries (otherwise than as mentioned in paragraph (d), (e) or (f) above), or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity shall issue any securities (other than the Warrants) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 92.5 per cent. of the current market price on the date of the first public announcement of the terms of issue of such securities, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such current market price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of the issue of such securities.

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## LETTER FROM THE BOARD

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- (h) Modification of rights of conversion etc.: if and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in (g) above (other than in accordance with the terms of such securities) so that following such modification the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 92.5 per cent. of the current market price on the date of announcement of the proposals for such modification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such modification by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as the Determination Agent considers appropriate (if at all) for any previous adjustment under this paragraph (h) or paragraph (g) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

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## LETTER FROM THE BOARD

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- (i) Other offers to Shareholders: if and whenever the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted under paragraph (d), (e), (f), (g) or (h) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

- A is the current market price per Share on the date on which such issue, sale or distribution is publicly announced; and
- B is the fair market value of the portion of the rights attributable to one Share.
- (j) Exceptions: No adjustment referred to in paragraphs (a) to (i) above will be made to the Exercise Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or eligible grantee of the Company or any of its subsidiaries pursuant to: (A) any employee or eligible grantee share scheme or plan adopted by the Company after the date of the Warrant Instrument (the “**Share Award Scheme**”) that is established in the future for purpose of awarding shares to such employees or eligible grantees as determined by the Board (the “**Selected Persons**”) for nil consideration, provided that (a) such Share Award Scheme and any issuance or allotment thereunder is in compliance with the Listing Rules and (b) the total number of Shares awarded to the Selected Persons does not exceed 10 per cent. of the total number of issued Shares of the Company as at the date of grant of the relevant award Shares under the Share Award Scheme; and (B) any subsequent issue and allotment of Shares to such Selected Persons as determined by the Board, provided that the total number of Shares issued and allotted to such Selected Persons shall not exceed 1 per cent. of the total number of issued Shares of the Company immediately before such issue or allotment.

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## LETTER FROM THE BOARD

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### Conditions

The issue of the Warrants by the Company is subject to the fulfilment of the following conditions:

- (a) the Listing Committee of the Stock Exchange having approved or agreed to approve the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions (if required);
- (b) the Listing Committee of the Stock Exchange having granted or agree to grant (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object) the approval for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon the exercise of the Warrant Subscription Rights, and such approval not having been revoked;
- (c) the Board and, where appropriate, the Shareholders having approved the issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares at the EGM in accordance with the Listing Rules, and such approval not having been revoked;
- (d) any necessary approvals, consents and/or waivers by the relevant governmental or regulatory authorities or bodies, whether in Hong Kong or elsewhere (including but not limited to the Stock Exchange) in favour of the Company and/or the Subscriber for the issue of the Warrants and the Warrant Shares having been obtained, and such approval, consent and/or waiver not having been revoked.

The Disposal, the Investment and issue of the Warrants are contractually inter-conditional upon each other.

The conditions set out above cannot be waived. As at the Latest Practicable Date, none of the conditions set out above have been satisfied.

### Rights of Warrantholders on liquidation

If an effective resolution is passed during the Exercise Period for the voluntary winding-up of the Company; then

- (a) if such winding-up be for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholder, or some person designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholder and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all Warrantholder; and

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## LETTER FROM THE BOARD

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- (b) in any other case, every Warrantholder (or, in the case of joint Warrantholders, the Warrantholder whose name stands first in the Register in respect of the Warrant held by such Warrantholder) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Registrar with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the Warrant Subscription Rights represented by his Warrant(s) as are specified in the Subscription Form(s) submitted by him and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholder of the passing of any such resolution within seven days after the passing thereof and such notice shall contain a reminder to Warrantholder with respect to their rights under this paragraph (b) (to the extent applicable).

Subject to the foregoing, if the Company is wound up, all Warrant Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and Warrant certificate shall cease to be valid for any purpose.

### Fund Raising Activity in the Past Twelve Months

Date of announcement	Description of the fund raising activity	Funds raised	Intended use of proceeds	Actual use of proceeds
1 April 2021 (completed on 9 April 2021)	Issuing of the Convertible Bonds to the Subscriber under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 22 May 2020 to allot and issue up to 682,513,199 Shares, being 20% of the total number of Shares in issue as at the date of the said annual general meeting	Gross proceeds and net proceeds amounted to HK\$129,500,000 and approximately HK\$127,500,000, respectively	For general corporate purposes	All net proceeds have been fully utilised as intended

Save for the fund raising activity as mentioned above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

### Information on the Company

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 653). The Company is principally engaged in investment holding and the Group is principally engaged in the retail and wholesale of brand name beauty, health and lifestyle products in Hong Kong, Macau and internationally.

## LETTER FROM THE BOARD

### Information on the Subscriber

The Subscriber is an investment holding company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of FEC. The principal activities of FEC and its subsidiaries are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations, securities and financial product investments and provision of mortgage services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party. The Subscriber is a holder of the Convertible Bonds and an existing Shareholder of the Company, which held 86,000,000 Shares as at the Latest Practicable Date, representing approximately 2.45% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are parties independent of CRCI and its ultimate beneficial owners.

### Shareholding Structure

As at the Latest Practicable Date, the Company has 3,512,565,999 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after full exercise of the Warrant Subscription Rights, assuming that the exercise price is HK\$0.19 per Warrant Share and there is no further allotment of Shares prior to such exercise:

Shareholder	As at the Latest Practicable Date		Immediately after the allotment and issue of the Warrant Shares upon full exercise of the Warrant Subscription Rights <sup>(Note 2)</sup>	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Chen Jianwen <sup>(Note 1)</sup>	2,224,195,868	63.89	2,224,195,868	54.81
Mr. Wan Yim Keung, Daniel <sup>(Note 1)</sup>	7,300,000	0.21	7,300,000	0.18
Ms. Chiu Lai Kuen, Susanna <sup>(Note 1)</sup>	1,000,000	0.03	1,000,000	0.02
The Subscriber	86,000,000	2.45	667,578,947	16.31
Other public Shareholders	<u>1,174,070,131</u>	<u>33.42</u>	<u>1,174,070,131</u>	<u>28.68</u>
Total	<u>3,512,565,999</u>	<u>100.00</u>	<u>4,094,144,946</u>	<u>100.00</u>

*Notes:*

- As at the Latest Practicable Date, each of Mr. Chen Jianwen, Mr. Wan Yim Keung, Daniel, Ms. Chiu Lai Kuen, Susanna is an executive Director.
- The figures in this column are for illustrating the full dilution effect on the shareholding of the existing Shareholders and are arrived on based on the assumption the Warrant Subscription Rights are exercised in full at the exercise price of HK\$0.19 per Warrant Share.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL, THE INVESTMENT AND THE ISSUE OF THE WARRANTS

As per the unaudited annual results announcement for the year ended 31 December 2021, as at 31 December 2021, the unaudited net assets of the Group were approximately HK\$10.3 million and the net debt ratio (defined as the Group's bank and other borrowings, lease liabilities and convertible loans, divided by total equity of HK\$10.3 million) was 49.8. The Group continued to record a net loss attributable to shareholders of the Company for the past five years and the unaudited net loss attributable to shareholders of the Company for the year ended 31 December 2021 was approximately HK\$208.1 million. In addition, the overall economy in Hong Kong has led residents to become more prudent in spending and hence would adversely affect the business operation of the Group.

Having considered the current financial position and business operation of the Group and the overall economy in Hong Kong, the Board is of the opinion that the Disposal represents a favourable opportunity to realise the value of the Property at a reasonable price and gain on disposal will also be recognised. The proceeds from the Disposal represent a positive cash inflow, which would hence enhance the financial position of the Group and the liquidity of the Group by increasing the general working capital of the Group. Through the Disposal, the Bank Loan and the Convertible Bonds will be repaid, and hence the gearing ratio and finance cost of the Group will decrease significantly. Further, as the Property will be leased back to the Group for a normal commercial term of four years for continued use as its principal place of business in Hong Kong, the Disposal will only have minimal impact on the Group's operations.

Upon Completion, the Target Company and the Apex Frame will cease to be subsidiaries of the Company, and the financial results of the Target Group will no longer be consolidated into the accounts of the Group. For details of the unaudited pro forma financial information of the Remaining Group, please refer to Appendix III to this circular.

Based on the unaudited pro forma financial information as set out in Appendix III to this circular, assuming that Completion had taken place on 31 December 2021, the total assets of the Group would have decreased from approximately HK\$711.4 million to approximately HK\$689.4 million on a pro forma basis, the total liabilities of the Group would have decreased from approximately HK\$701.1 million to approximately HK\$370.9 million on a pro forma basis, and the net assets of the Group would have increased from approximately HK\$10.3 million to approximately HK\$318.5 million on a pro forma basis.

Based on the unaudited pro forma financial information as set out in Appendix III to this circular, assuming that Completion had taken place on 1 January 2021, the net loss attributable to shareholders of the Group for the year ended 31 December 2021 would have turned around to a net profit attributable to the shareholders of the Group of HK\$188.3 million on a pro forma basis.

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## LETTER FROM THE BOARD

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On the other hand, the Board considers that it is in the best interest of the Group to make the Investment in the Fund, rather than selling the Target Group or the Property without retaining an indirect stake, because the Investment would enable the Group to increase its investment returns and valuation of the Group simultaneously. The investment returns of the Fund primarily include the lease income from the lease under the Tenancy Agreement to the Group and the potential appreciation of the market value of the Property. Furthermore, save for the exit arrangements and restrictions on transfer of interests in the Fund by a Limited Partner as disclosed in the paragraph headed “(2) MAJOR TRANSACTION IN RELATION TO INVESTMENT IN A FUND – Subscription Agreement and Limited Partnership Agreement – Restrictions on transfer of interest in the Fund” above in this letter, there are no other restrictions on the transfers by the Limited Partners. Given that the Group may dispose of part of its units in the Fund pursuant to the Limited Partnership Agreement, the Directors consider the terms of the Investment will afford the Group with flexibility in terms of financing working capital in the future.

The Group would also be entitled to receive distributions from the Fund as one of the Limited Partners and may receive consultancy fees via the Fund Consultant, in which the Group is expected to have 50% beneficial interest. This could also increase the return for the Shareholders in the long run.

By investing into the Fund, the Group is able to collaborate with CRCM’s Shareholder on a long term basis leveraging their innovation center ‘Runnovation’ location in Wanchai. Runnovation could create synergy with the Group’s property in Tsuen Wan (HK Industrial Innovation Centre) to co-host trade exhibitions, events and most importantly creating new business network and opportunities. At the same time, the Group’s online platform “HKMALL”(香港貓) could leverage those offline channel to build the Group’s branding so as to market the products and services globally, which is a win-win outcome. Further, the Group is able to tap into CRCM’s Shareholder’s extensive and leading mainland network in retail, consumers and real estate to help the Group to penetrate to China online and offline markets.

As such, the Group is able to leverage its resources to achieve technological and innovative advancement to transform its traditional business to an omnichannel new retail ecosystem, which will benefit the Group’s long-term growth in profitability.

As disclosed in the paragraph headed “(3) ISSUE OF WARRANTS UNDER SPECIFIC MANDATE – Background” above in this letter, by issuing the Warrants to the Subscriber, the Company would be able to obtain the Subscriber’s consent to the Disposal and waiver of the Subscriber’s rights under the Deed of Undertaking and therefore facilitate completion of the Disposal. In addition, as the issue of the Warrants gives the Subscriber the right to subscribe for Warrant Shares, capital will be raised upon the exercise of the Warrant Subscription Rights. Furthermore, the Warrants are not interest bearing and the issue of the Warrants will not have an immediate dilution effect on the shareholding of the existing Shareholders.

Save for the issue of the Warrants, the Directors have considered other alternatives, including rights issue, open offer, placing of new shares and issue of convertible bonds. As for rights issue and open offer, it would require the Company to undergo a comparatively lengthy process in order to (i) identify suitable underwriter(s) and to negotiate terms agreeable to the parties; and (ii) prepare the requisite compliance and legal documentation, including but not limited to the underwriting agreement(s), announcement(s) and prospectus(es). The Directors estimate that a rights issue or open offer may require a minimum of additional one month. Rights issue or open offer would also incur additional costs, including but not limited to underwriting commission and professional fees.

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## LETTER FROM THE BOARD

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As for placing of shares, the placing price would normally be required to be at a discount of the prevailing market price, whereas in the present case, the exercise price of the Warrants is set at a significant premium over the closing price as quoted on the Stock Exchange as at the Latest Practicable Date. If the Warrants are exercised, it is expected to generate more additional funds for the Group as compared to placing of shares.

In addition, the Directors have considered whether the equity issue method to be adopted would effectively preserve the Subscriber's rights under the Convertible Bonds and, hence, provide the Subscriber with sufficient incentive to consent to the Disposal and waive its rights under the Deed of Undertaking. Given the inherent similarities between the Convertible Bonds and the Warrants in that both provide the Subscriber with a right (but not an obligation) to subscribe for Shares, the Directors are of the view that the issue of Warrants is a sufficiently attractive incentive for the Subscriber to consent to the Disposal and waive its rights under the Deed of Undertaking.

As for issue of new convertible bonds, the Directors have considered that it will increase the interest burden on the Group, which would adversely affect the financial position of the Group. Moreover, issue of new convertible bonds would continue to intensify the Group's indebtedness, which contradicts the rationale and reasons for the Disposal, namely, to reduce the gearing ratio and finance cost of the Group. Furthermore, the existing Convertible Bonds were issued to the Subscriber on the basis that the Company owns the entire issued share capital of the Target Company (which has been charged to the Subscriber as collateral), Apex Frame and the Property. The Subscriber would not consider further taking up convertible bonds issued by the Company (in place of the existing Convertible Bonds) as a commercially viable option, given that the Company no longer beneficially owns the Target Group and the Property after completion of the Disposal.

Therefore, having considered the above factors, the Directors are of the view that the issue of the Warrants is the most viable option for the Company and in the best interest of the Company and its Shareholders as a whole.

As such, the Directors considered that the Disposal, the Investment and issue of the Warrants are contractually inter-conditional upon each other. Based on the foregoing reasons and taking into account the combined effect of the Disposal, the Investment and issue of the Warrants as a package deal, the Directors (including the independent non-executive Directors) consider the terms of the Disposal, the Investment, the issue of the Warrants and the entering into of the Tenancy Agreement are on normal commercial terms, which are fair and reasonable and are in the best interests of the Group and its shareholders as a whole.

### **INTENDED USE OF PROCEEDS**

Upon completion of the aforementioned transactions, the net proceeds from the above transactions (after deducting amounts such as the repayment of outstanding amount of the Bank Loan, the Initial Fund Contribution, redemption of the Convertible Bonds, rental deposit and professional expenses) would be approximately HK\$76 million, which will be applied towards the general working capital of the Group such as rental, payroll and other operating costs and for general corporate purposes. For further details, please refer to the paragraph headed "(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY – The Sale and Purchase Agreement – Consideration" above in this letter.

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## LETTER FROM THE BOARD

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Furthermore, assuming the Warrant Subscription Rights attaching to the Warrants are exercised in full, the maximum gross proceeds from the exercise of the Warrant Subscription Rights attaching to the Warrants in full at the exercise price of HK\$0.19 per Warrant Share will be approximately HK\$110,500,000, which will be applied as general working capital of the Group and for general corporate purposes.

### LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios for the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Furthermore, as one or more applicable percentage ratios for the Company in respect of the Investment exceeds 25% but less than 100%, the Investment constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, save for the Convertible Bonds and the share options outstanding and not yet exercised under the Share Option Scheme, the Company does not have any securities with subscription rights. Assuming (i) full exercise of the Warrant Subscription Rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, an aggregate of 581,578,947 Shares will be issued, which represent (a) approximately 16.56% of the total number of Shares in issue as at the Latest Practicable Date; and (b) approximately 14.21% of the total number of Shares in issue as enlarged by the issue of the Warrant Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

Pursuant to Rule 13.36(7) of the Listing Rules, the Company may not issue warrants to subscribe for (i) any new Shares or (ii) any securities convertible into new Shares, for cash consideration pursuant to a general mandate given under Rule 13.36(2)(b) of the Listing Rules. Therefore, the issue of the Warrants and the Warrant Shares are subject to the approval of the Shareholders. The Warrant Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

As the Subscriber is the holder of 86,000,000 Shares as at the Latest Practicable Date and it is interested in the proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the Specific Mandate, the Subscriber will be required to abstain from voting on the resolutions to approve the Investment, the Disposal, issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

### EGM

The EGM will be held and convened at 11:30 a.m. on Monday, 27 June 2022 at 12/F., Bonjour Tower, No. 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong for the purpose of considering and, if thought fit, approving the Disposal, the Investment, the issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the resolutions relating to the Disposal, the Investment, the issue of the Warrant Shares and the transactions contemplated thereunder. A form of proxy for use by the Shareholders at the EGM or any adjourned meeting is also enclosed herewith.

Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in the notice of the EGM will be voted by poll.

As the Subscriber is the holder of 86,000,000 Shares as at the Latest Practicable Date and it is interested in the proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the Specific Mandate, the Subscriber will be required to abstain from voting on the resolutions in relation to the proposed issuance of the Warrants and the Warrant Shares upon the exercise thereof under the Specific Mandate. Save as disclosed above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

### **BOOK CLOSURE FOR DETERMINING ENTITLEMENTS TO ATTEND AND VOTE AT THE EGM**

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 22 June 2022 to Monday, 27 June 2022, both days inclusive. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 21 June 2022.

### **RECOMMENDATION**

The Directors are of the opinion that the Disposal, the Investment, the issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favour of the resolutions to be proposed at the EGM approving the Disposal, the Investment, the issue of the Warrants and the Specific Mandate for the issuance of the Warrant Shares and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### 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  
**Bonjour Holdings Limited**  
**Chen Jianwen**  
*Chairman and Executive Director*

## 1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2018, 2019 and 2020 including the independent auditors' report thereon and 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 December 2018, 2019 and 2020. The annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020 and the unaudited annual results announcement for the year ended 31 December 2021 are published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) respectively.

The audited financial statements of the Group for the financial year ended 31 December 2018 are set out from pages 83 to 172 in the 2018 annual report of the Company (the “**2018 Annual Report**”) which was published on 17 April 2019. The 2018 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417510.pdf>.

The audited financial statements of the Group for the financial year ended 31 December 2019 are set out from pages 80 to 188 in the 2019 annual report of the Company (the “**2019 Annual Report**”) which was published on 17 April 2020. The 2019 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041700944.pdf>.

The audited financial statements of the Group for the financial year ended 31 December 2020 are set out from pages 83 to 200 in the 2020 annual report of the Company (the “**2020 Annual Report**”) which was published on 19 April 2021. The 2020 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041900498.pdf>.

The unaudited interim results of the Group for the six months ended 30 June 2021 are set out from pages 24 to 40 in the 2021 interim report of the Company (the “**2021 Interim Report**”) which was published on 29 September 2021. The 2021 Interim Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0929/2021092900447.pdf>.

The unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Annual Result**”) are set out in the announcement of the Company dated 31 March 2021. The 2021 Annual Results is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0401/2022040100116.pdf>.

The supplemental announcement of the Company dated 2 June 2022 in relation to supplemental information on the unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2021 including comparative figures for the previous year (the “**Supplemental Announcement**”). The Supplemental Announcement is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.bonjourhk.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0602/2022060202572.pdf>.

## **2. STATEMENT OF INDEBTEDNESS OF THE GROUP AS AT 30 APRIL 2022**

As at the close of business on 30 April 2022, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness as follows:

### **Bonds**

The Group had (1) guaranteed and secured convertible bonds with an outstanding amount of HK\$110.5 million, which were pledged by the entire issued share capital of a subsidiary of the Company and were guaranteed by the Company and (2) unguaranteed and unsecured bonds with an outstanding amount of HK\$25.0 million.

### **Bank and other borrowings**

The Group had (1) bank borrowings of approximately HK\$361.5 million, which were pledged by land and buildings and assets classified as held for sale of the Group, (2) bank borrowings of approximately HK\$4.3 million, which are guaranteed by a director of the Company; (3) other borrowings of HK\$9.0 million, which are guaranteed by the Company; (4) unguaranteed and unsecured other borrowings of HK\$10.0 million; and (5) a loan from a shareholder of the Company of HK\$10.0 million.

### **Lease liabilities**

As at 30 April 2022, the Group had lease liabilities of approximately HK\$32.1 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 30 April 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, financial lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

### 3. DIRECTORS' STATEMENT OF SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful considerations, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, the currently available banking and credit facilities and the effects of the Disposal and the Investment, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

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

### 4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 653). The principal activity of the Company is investment holding and the Group is principally engaged in the retail and wholesale of brand name beauty and healthcare products and cosmetics in Hong Kong and Macau.

Since commencement of business transformation from early 2020, the Group has continuously renovated its business model with the aim to produce sustainable growth and high net worth to the shareholders. Main focus of the Group has been 'Technology+ Consumption' to leverage on technology to accelerate consumption. This will continue and will expand to create an innovated business ecosystem not just for the Group but also a platform for all enterprises who would like to digitally transform their businesses.

HKMALL, the Group's online shop and eCommerce platform, will continue to expand its functions to provide one-stop services to the small and medium enterprises ("SMEs") for them to operate their own e-shops on HKMALL. It will also continue to offer services to the Group as well as our merchant partners to sell merchandise to 34 countries across 44 market platforms. Since the COVID-19 epidemic has permanently transformed the consumer behaviour to shop digitally, this will offer enormous business potential in HKMALL's service offerings.

Furthermore, the Group will reconstitute the retail model from traditional mode of 'location-product-consumer' to the innovated 'consumer-product-location' new retail mode. Hence the Group will transform all physical stores into new retail O2O shops, powered by big data and intelligent technology. In this respect, the Group is working with many technology partners in collaboration to provide this digital experience on our platforms.

On product side, the Group will continue to transform the traditional retail of pure beauty products to a new business ecosystem of full range of products in "Beauty, Health & Beautiful Life". The diversification of products will continue to satisfy changing consumer needs and to create a "Better Life" for all, whilst sole agency brands and private labels will continue to be nurtured. This helps to diversify our revenue portfolio for risk management and profitability enhancement.

Overall the outlook is positive as Group is being digitally transformed to an integrated online/offline platform, creating shared values for enterprises, working in collaboration with value added technology and business partners, and providing one-stop services to own subsidiaries as well as third party SMEs.

## 5. RECONCILIATION OF VALUATION OF THE PROPERTY

Dudley Surveyors Limited, an independent qualified professional valuer, has valued the Property as at 30 April 2022. Details of the valuation report are set out in Appendix V to this circular. As required under Rule 5.07 of the Listing Rules, the reconciliation between valuation of the Property as at 30 April 2022 and the book value of the Property as at 31 December 2021 is as follows:

	<i>HK\$'000</i>
Book value as at 31 December 2021	496,890
Additions	–
Valuation surplus	<u>403,110</u>
Valuation as at 30 April 2022	<u><u>900,000</u></u>

*Note:* The difference between the book value of the Property as of 31 December 2021 (HK\$496,890,000) in Appendix II to this circular and the book value of assets classified as held for sale as of 31 December 2021 (HK\$497,481,000) disclosed in the published unaudited annual results announcement of the Company for the year ended 31 December 2021 represents the difference in provision of depreciation charge (HK\$591,000) for the Property.

## 6. MATERIAL ADVERSE CHANGE

Save as disclosed above, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

**FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below are the unaudited consolidated statements of financial position of the Target Group as at 31 December 2019, 2020 and 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2021 (the “**Relevant Periods**”), and certain explanatory notes (collectively referred to as the “**Unaudited Financial Information**”).

The Unaudited Financial Information has been prepared on the basis set out in note 2 to the Unaudited Financial Information and prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular.

Grant Thornton Hong Kong Limited (the “**Reporting Accountant**”) was engaged to review the Unaudited Financial Information of the Target Group set out on pages II-2 to II-8 of this circular in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Reporting Accountant to obtain assurance that the Reporting Accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the Reporting Accountant does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Group, nothing has come to the Reporting Accountant’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

## (A) UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET GROUP

	Year ended 31 December		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	18,485	11,859	18,866
Other income	–	3	–
Administrative expenses	<u>(18,264)</u>	<u>(14,793)</u>	<u>(38,664)</u>
<b>Profit/(Loss) from operations</b>	221	(2,931)	(19,798)
Finance costs	<u>(5,830)</u>	<u>(6,235)</u>	<u>(18,199)</u>
<b>Loss before income tax</b>	(5,609)	(9,166)	(37,997)
Income tax (expense)/credit	<u>(645)</u>	<u>(807)</u>	<u>778</u>
<b>Loss and total comprehensive expense for the year</b>	<u><u>(6,254)</u></u>	<u><u>(9,973)</u></u>	<u><u>(37,219)</u></u>

**(B) UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET GROUP**

	<b>As at 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
<b>Non-current assets</b>			
Property, plant and equipment	–	553	–
Investment property	<u>487,157</u>	<u>–</u>	<u>–</u>
	<u>487,157</u>	<u>553</u>	<u>–</u>
<b>Current assets</b>			
Rental receivables	50	165	29
Prepayments and deposits	816	855	830
Amount due from ultimate holding company	25,000	–	–
Amounts due from a related company	751	2,972	–
Bank balances	<u>11,966</u>	<u>–</u>	<u>195</u>
	38,583	3,992	1,054
<b>Assets classified as held for sale</b>	<u>–</u>	<u>479,262</u>	<u>496,890</u>
	<u>38,583</u>	<u>483,254</u>	<u>497,944</u>
<b>Current liabilities</b>			
Other payables, deposits received and accrued charges	935	1,210	1,230
Amounts due to fellow subsidiaries	324,194	14,398	–
Amount due to ultimate holding company	–	286,173	222,740
Bank borrowings	21,574	202,112	195,086
Current tax liabilities	<u>1,629</u>	<u>316</u>	<u>–</u>
	<u>348,332</u>	<u>504,209</u>	<u>419,056</u>
<b>Net current (liabilities)/assets</b>	<u>(309,749)</u>	<u>(20,955)</u>	<u>78,888</u>
<b>Total assets less current liabilities</b>	<u>177,408</u>	<u>(20,402)</u>	<u>78,888</u>

	<b>As at 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
<b>Non-current liabilities</b>			
Bank borrowings	187,866	–	–
Convertible bonds	–	–	136,509
Deferred tax liabilities	<u>1,384</u>	<u>1,413</u>	<u>1,413</u>
	<u>189,250</u>	<u>1,413</u>	<u>137,922</u>
<b>NET LIABILITIES</b>	<u><u>(11,842)</u></u>	<u><u>(21,815)</u></u>	<u><u>(59,034)</u></u>
<b>Capital and reserves</b>			
Share capital	–*	–*	–*
Reserves	<u>(11,842)</u>	<u>(21,815)</u>	<u>(59,034)</u>
<b>CAPITAL DEFICIENCY</b>	<u><u>(11,842)</u></u>	<u><u>(21,815)</u></u>	<u><u>(59,034)</u></u>

\* The balance represents amount less than HK\$1,000

## (C) UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE TARGET GROUP

	<b>Share capital</b> <i>HK\$'000</i> (Unaudited)	<b>Accumulated losses</b> <i>HK\$'000</i> (Unaudited)	<b>Total equity</b> <i>HK\$'000</i> (Unaudited)
<b>At 1 January 2019</b>	–*	(5,588)	(5,588)
Loss and total comprehensive expense for the year	—	(6,254)	(6,254)
<b>At 31 December 2019 and 1 January 2020</b>	–*	(11,842)	(11,842)
Loss and total comprehensive expense for the year	—	(9,973)	(9,973)
<b>At 31 December 2020 and 1 January 2021</b>	–*	(21,815)	(21,815)
Loss and total comprehensive expense for the year	—	(37,219)	(37,219)
<b>At 31 December 2021</b>	—*	(59,034)	(59,034)

\* The balance represents amount less than HK\$1,000

**(D) UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE TARGET GROUP**

	<b>Years ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before income tax</b>	(5,609)	(9,166)	(37,997)
Adjustment for:			
Depreciation	10,957	7,342	553
Finance costs	5,830	6,235	18,199
Fair value loss on convertible bonds	–	–	26,009
Bad debts written off	–	–	3,380
	<u>–</u>	<u>–</u>	<u>3,380</u>
<b>Operating profit before working capital changes</b>	11,178	4,411	10,144
Decrease/(Increase) in rental receivables	70	(115)	136
(Increase)/Decrease in prepayments and deposits	(48)	(39)	25
Increase in amount due from a related company	–	(1,321)	–
Increase in other payables, deposits received and accrued charges	63	275	20
Decrease in amounts due to fellow subsidiaries	(47,918)	(3,669)	–
	<u>(47,918)</u>	<u>(3,669)</u>	<u>–</u>
<b>Cash (used in)/generated from operations</b>	<u>(36,655)</u>	<u>(458)</u>	<u>10,325</u>
Interest paid	(5,830)	(6,235)	(17,737)
Income taxes paid	(4,985)	(2,091)	–
	<u>(4,985)</u>	<u>(2,091)</u>	<u>–</u>
<b>Net cash used in operating activities</b>	<u>(47,470)</u>	<u>(8,784)</u>	<u>(7,412)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advance to a fellow subsidiary	–	–	(18)
Advance to a related company	–	(900)	–
	<u>–</u>	<u>(900)</u>	<u>–</u>
<b>Net cash used in investing activities</b>	<u>–</u>	<u>(900)</u>	<u>(18)</u>

	Years ended 31 December		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term bank borrowings raised	80,000	–	–
Repayment of long-term bank borrowings	(21,397)	(7,410)	(6,944)
Advance from ultimate holding company	–	43	29,031
Advance from/(repayment to) fellow subsidiaries	–	5,003	(14,380)
<b>Net cash from/(used in) financing activities</b>	<u>58,603</u>	<u>(2,364)</u>	<u>7,707</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	11,133	(12,048)	277
<b>Cash and cash equivalents at 1 January</b>	<u>833</u>	<u>11,966</u>	<u>(82)</u>
<b>Cash and cash equivalents at 31 December</b>	<u>11,966</u>	<u>(82)</u>	<u>195</u>
<b>Analysis of cash and cash equivalents</b>			
Bank balances	11,966	–	195
Bank overdrafts	–	(82)	–
	<u>11,966</u>	<u>(82)</u>	<u>195</u>

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP**

*For each of the years ended 31 December 2021*

**1 GENERAL INFORMATION**

Bonjour Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The Company is an investment holding company. The subsidiaries are principally engaged in retail and wholesale of brand name beauty, health and lifestyle products in Hong Kong, Macau and internationally.

Apex Centric Investment Limited (the “**Target Company**”) is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. Apex Frame Limited is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company (collectively referred as to the “**Target Group**”) principally engaging in property holding, leasing and provision of property management and maintenance services in respect of a property in Hong Kong.

**2 BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION**

The Unaudited Financial Information of the Target Group for the years ended 31 December 2019, 2020 and 2021 have been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in this circular issued by the Company.

The amounts included in the Unaudited Financial Information of the Target Group have been recognised and measured in accordance with the relevant accounting policies of the Company as set out in its annual reports for the years ended 31 December 2019 and 2020 and the unaudited annual results announcement of the Company for the year ended 31 December 2021, which conform with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective terms includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

The Unaudited Financial Information has been prepared under the historical cost convention. The Unaudited Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$000**”) except when otherwise indicated. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 “Presentation of Financial Statements” nor an interim report as defined in HKAS 34 “Interim Financial Reporting”.

**A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

The following is a summary of the illustrative unaudited pro forma financial information consisting of the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, in connection with the Disposal, the Investment, the issue of Warrants and the Lease (collectively, the “**Proposed Transactions**”). The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2021 as if the Proposed Transactions had been completed on 31 December 2021; and (ii) the financial performance and cash flows of the Remaining Group for the year ended 31 December 2021 as if the Proposed Transactions had been completed on 1 January 2021.

The unaudited pro forma financial information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 31 December 2021 as extracted from the published unaudited annual results announcement of the Company for the year ended 31 December 2021 dated 31 March 2022 (the “**Published 2021 Unaudited Annual Results**”) after taking into account the pro forma adjustments relating to the Proposed Transactions as if the Proposed Transactions had been completed on 31 December 2021; (ii) the unaudited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 as extracted from the Published 2021 Unaudited Annual Results; and (iii) the unaudited consolidated statement of cash flows for the year ended 31 December 2021 as extracted from the published unaudited supplemental results announcement of the Company dated 2 June 2022 (the “**Published Supplemental 2021 Unaudited Annual Results**”) after taking into account the pro forma adjustments relating to the Proposed Transactions as if the Proposed Transactions had been completed on 1 January 2021 (collectively, the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information is presented after making pro forma adjustments that are clearly shown and explained, directly attributable to the Proposed Transactions and not relating to future events or decisions, factually supportable and clearly identified as to those which are expected to have a continuing effect on the Remaining Group and those which are not.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of Listing Rules, for the purposes of illustrating the effect of the Proposed Transactions based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position, financial performance and cash flows of the Remaining Group had the Proposed Transactions been completed as of 31 December 2021 or 1 January 2021, where applicable, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 December 2020, the 2021 Published Unaudited Annual Results, the Published Supplemental 2021 Unaudited Annual Results and other financial information included elsewhere in the Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
OF THE REMAINING GROUP

	The Group as at 31 December 2021		Pro forma adjustments		The Remaining Group as at 31 December 2021	
	HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 5	HK\$'000 Note 7	HK\$'000 Note 10	HK\$'000
<b>Non-current assets</b>						
Property, plant and equipment	6,120					6,120
Right-of-use assets	18,546			54,351		72,897
Rental and utility deposits	5,129			3,227		8,356
Financial assets at fair value through other comprehensive income ("FVTOCI")	71,172					71,172
Investment in a joint venture	–			345,000		345,000
	<u>100,967</u>					<u>503,545</u>
<b>Current assets</b>						
Inventories	26,373					26,373
Trade receivables	4,111	(29)				4,082
Rental and utility deposits	17,302					17,302
Prepayments, deposits and other receivables	23,238	(830)				22,408
Bank and cash balances	41,948	(195)		73,364		115,117
	<u>112,972</u>					<u>185,282</u>
Assets classified as held for sale	<u>497,481</u>	(496,890)				<u>591</u>
	<u>610,453</u>					<u>185,873</u>
<b>Current liabilities</b>						
Trade payables	16,044					16,044
Other payables, deposits received and accrued charges	166,860	(1,230)				165,630
Lease liabilities	21,150			20,446		41,596
Amount due to ultimate holding company	–	(222,740)		222,740		–
Bank and other borrowings	366,599	(195,086)		(162,500)		9,013
Current tax liabilities	2,732					2,732
	<u>573,385</u>					<u>235,015</u>
<b>Net current assets/(liabilities)</b>	<u>37,068</u>					<u>(49,142)</u>
<b>Total assets less current liabilities</b>	<u>138,035</u>					<u>454,403</u>

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	The Group as at 31 December 2021	Pro forma adjustments				The Remaining Group as at 31 December 2021
	HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 5	HK\$'000 Note 7	HK\$'000 Note 10	HK\$'000
<b>Non-current liabilities</b>						
Lease liabilities	6,831			73,442		80,273
Convertible bonds	90,186	(136,509)	25,114	21,209		–
Bank and other borrowings	27,500					27,500
Warrants	–				26,345	26,345
Deferred tax liabilities	1,691	(1,413)				278
Long service payment liabilities	1,537					1,537
	<u>127,745</u>					<u>135,933</u>
<b>NET ASSETS</b>	<u>10,290</u>					<u>318,470</u>
<b>Capital and reserves</b>						
Share capital	35,126					35,126
Reserves	<u>(24,836)</u>	59,034	(25,114)	300,605	(26,345)	<u>283,344</u>
Equity attributable to owners of the Company	10,290	59,034	(25,114)	300,605	(26,345)	318,470
Non-controlling interests	<u>–</u>					<u>–</u>
<b>TOTAL EQUITY</b>	<u>10,290</u>					<u>318,470</u>

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	The Group for the year ended 31 December 2021		Pro forma adjustments			The Remaining Group for the year ended 31 December 2021	
	HK\$'000 Note 1	HK\$'000 Note 3	HK\$'000 Note 6	HK\$'000 Note 8	HK\$'000 Note 11	HK\$'000	
Turnover	626,991					626,991	
Cost of goods sold	<u>(577,031)</u>					<u>(577,031)</u>	
<b>Gross profit</b>	49,960					49,960	
Other income	77,838	(18,866)	17,488			76,460	
Distribution costs	(24,928)					(24,928)	
Administrative expenses	(253,986)	38,664	(4,200)			(219,522)	
Other operating expenses	(965)					(965)	
Gain on disposal of a subsidiary	-			372,189		372,189	
Impairment loss on trade and other receivables	(7,480)					(7,480)	
Impairment loss on right-of-use assets	(9,000)					(9,000)	
Issue of warrants	<u>-</u>				(26,345)	<u>(26,345)</u>	
<b>(Loss)/Profit from operations</b>	(168,561)					210,369	
Finance costs	<u>(43,292)</u>	18,199				<u>(25,093)</u>	
<b>(Loss)/Profit before tax</b>	(211,853)					185,276	
Income tax credit	<u>3,761</u>	(778)				<u>2,983</u>	
<b>(Loss)/Profit for the year</b>	<u><u>(208,092)</u></u>					<u><u>188,259</u></u>	
<b>(Loss)/Profit for the year attributed to:</b>							
Owners of the Company	(208,092)	37,219	13,288	372,189	(26,345)	188,259	
Non-controlling interest	<u>-</u>					<u>-</u>	
	<u><u>(208,092)</u></u>					<u><u>188,259</u></u>	
<b>Other comprehensive income</b>							
<i>Items that will not be reclassified to profit or loss:</i>							
Fair value changes of equity instruments at FVTOCI	<u>(8,231)</u>					<u>(8,231)</u>	
	<u><u>(8,231)</u></u>					<u><u>(8,231)</u></u>	

	The Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>Note 1</i>	<i>HK\$'000</i> <i>Note 3</i>	Pro forma adjustments <i>HK\$'000</i> <i>HK\$'000</i> <i>Note 6</i> <i>Note 8</i>		<i>HK\$'000</i> <i>Note 11</i>	The Remaining Group for the year ended 31 December 2021 <i>HK\$'000</i>
<i>Items that may be reclassified to profit or loss:</i>						
Exchange differences on translating foreign operations	<u>226</u>					<u>226</u>
<b>Other comprehensive expense for the year, net of tax</b>	<u>(8,005)</u>					<u>(8,005)</u>
<b>Total comprehensive (expense)/income for the year</b>	<u><u>(216,097)</u></u>					<u><u>180,254</u></u>
<b>Total comprehensive (expense)/income for the year attributed to:</b>						
Owners of the Company	(216,097)	37,219	13,288	372,189	(26,345)	180,254
Non-controlling interest	<u>–</u>					<u>–</u>
	<u><u>(216,097)</u></u>					<u><u>180,254</u></u>

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE  
REMAINING GROUP

	The Group for the year ended 31 December 2021 HK\$'000 Note 1	HK\$'000 Note 4	Pro forma adjustments		HK\$'000 Note 11	The Remaining Group for the year ended 31 December 2021 HK\$'000
			HK\$'000 Note 6	HK\$'000 Note 8, 9		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
(Loss)/Profit before tax	(211,853)	37,997	13,288	372,189	(26,345)	185,276
Adjustments for:						
Finance costs	43,292	(18,199)				25,093
Interest income on bank deposits	(10)					(10)
Imputed interest income on rental deposits	(1,961)					(1,961)
Depreciation of property, plant and equipment	4,830	(553)				4,277
Depreciation of right-of-use assets	69,011					69,011
Write off of property, plant and equipment	514					514
Write off of other intangible assets	1,203					1,203
Fair value loss on convertible bonds	–	(26,009)				(26,009)
Fair value loss from issuance of warrants	–				26,345	26,345
Gain on disposal of a subsidiary	–			(372,189)		(372,189)
Gain on disposal of property, plant and equipment	(9,107)					(9,107)
Gain on early termination of leases	(23,909)					(23,909)
Dissolution of subsidiaries	(3,360)					(3,360)
Impairment loss on trade and other receivables	7,480	(3,380)				4,100
Impairment loss on right-of-use assets	9,000					9,000
Rental concession and write back of legal provisions	(27,424)					(27,424)
Allowance for slow-moving inventories	21,000					21,000
Operating loss before working capital changes	(121,294)					(118,150)
Decrease in inventories	49,945					49,945
Decrease in trade receivables	854	(136)				718
Increase in prepayments, deposits and other receivables	(11,142)	(25)				(11,167)
Increase in amounts due from related companies	(426)					(426)
Decrease in trade payables	(7,690)					(7,690)
Increase/(Decrease) in other payables, deposits received and accrued charges	11,754	(20)				11,734
Increase in amounts due to fellow subsidiaries	–		(13,288)			(13,288)
Cash used in operations	(77,999)					(88,324)
Hong Kong profits tax paid	(253)					(253)
Hong Kong profits tax refunded	462					462
Interest paid	(25,990)	17,737				(8,253)
Interest on lease liabilities	(9,632)					(9,632)
<b>Net cash from operating activities</b>	<b>(113,412)</b>					<b>(106,000)</b>

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 December 2021 HK\$'000 Note 1	HK\$'000 Note 4	Pro forma adjustments		HK\$'000 Note 11	The Remaining Group for the year ended 31 December 2021 HK\$'000
			HK\$'000 Note 6	HK\$'000 Note 8, 9		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	10					10
Net proceeds from disposal of financial assets at FVTOCI	11,641					11,641
Payments for rental and utility deposits	(12,832)					(12,832)
Net cash inflow from disposal of a subsidiary	–			186,388		186,388
Advance to a fellow subsidiary	–	18				18
Repayment of rental and utility deposits	34,918					34,918
Net proceeds from disposal of property, plant and equipment	<u>113,131</u>					<u>113,131</u>
<b>Net cash from investing activities</b>	<u>146,868</u>					<u>333,274</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of long-term bank borrowings	(45,294)	6,944				(38,350)
Other borrowings raised	36,500					36,500
Advance from ultimate holding company	–	(29,031)				(29,031)
Advance from fellow subsidiaries	–	14,380				14,380
Repayment of other borrowings	(8,000)					(8,000)
Net proceeds from issue of convertible bond	127,457					127,457
Decrease in trade finance loans, net	(38,772)					(38,772)
Principal elements of lease payments	<u>(80,388)</u>			(2,250)		<u>(82,638)</u>
<b>Net cash used in financing activities</b>	<u>(8,497)</u>					<u>(18,454)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	24,959	(277)		184,138		208,820
Effect of foreign exchange rate changes	241					241
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>16,748</u>	82				<u>16,830</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u><u>41,948</u></u>					<u><u>225,891</u></u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>						
Bank and cash balances	41,948	(195)		184,138		225,891
Bank overdraft	<u>–</u>					<u>–</u>
	<u><u>41,948</u></u>					<u><u>225,891</u></u>

**E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
REMAINING GROUP***Notes:*

- (1) The figures are extracted from the unaudited consolidated statement of financial position of the Group as at 31 December 2021 and the unaudited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 as set out in the Published 2021 Unaudited Annual Results, and the unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2021 as set out in the Published Supplemental 2021 Unaudited Annual Results. The Published 2021 Unaudited Annual Results and the Published Supplemental 2021 Unaudited Annual Results are subject to change and has not been agreed by the auditor of the Company as required under Rule 13.49(2) of the Listing Rules.
- (2) The adjustment represents the exclusion of the assets and liabilities of the Target Group. The assets and liabilities of the Target Group as at 31 December 2021, have been extracted from the unaudited consolidated statement of financial position of the Target Group as set forth in Appendix II to this circular, as if the Proposed Transactions had been completed on 31 December 2021.
- (3) The adjustment represents the exclusion of the operating results of the Target Group for the year ended 31 December 2021, which were extracted from the unaudited statement of profit or loss and other comprehensive income of the Target Group for the year ended 31 December 2021 as set forth in Appendix II to this circular, as if the Proposed Transactions had been completed on 1 January 2021.
- (4) The adjustments represent the exclusion of the cash flows of the Target Group for the year ended 31 December 2021, which were extracted from the unaudited consolidated statement of cash flows of the Target Group as set forth in Appendix II to this circular, as if the Proposed Transactions had been completed on 1 January 2021.
- (5) The adjustment represents the de-recognition of the convertible bonds reserve and acceleration of the issuance costs of the convertible bonds capitalised to profit or loss for the full redemption of the Target Group's convertible bonds in pursuant to the Disposal.
- (6) The adjustment represents the reinstatement of transactions and cash flows impacts between the Target Group and the Remaining Group for the year ended 31 December 2021.
- (7) For the purpose of the unaudited pro forma consolidated statement of financial position of the Remaining Group, the adjustment represents (i) the estimated gross proceeds of HK\$900,000,000 from the Disposal; (ii) the Investment of HK\$345,000,000, (iii) the estimated right-of-use assets, lease liabilities and rental deposit to be recognised by the Company in pursuant to the Tenancy Agreement (note 7(d)), (iv) the settlement of the Group's bank borrowings of HK\$162,500,000 (including accrued interests of approximately HK\$2,500,000) by the Fund, and (v) the estimated gain on the disposal of the Target Group as if the Disposal have taken place on 31 December 2021. Calculation of pro forma gain on the Disposal as at 31 December 2021 was as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Gross proceeds of the Disposal		900,000
Less: Estimated transaction costs directly attributable to the Disposal	<i>(a)</i>	(2,000)
Less: Settlement of amount due to ultimate holding company, convertible bonds and bank borrowings	<i>(b)</i>	(554,335)
Add: Net liabilities of the Target Group	<i>(c)</i>	59,034
Add: Amount of right-of-use assets retained by the Group	<i>(d)</i>	53,078
Less: Lease liabilities assumed by the Group	<i>(d)</i>	<u>(96,138)</u>
Estimated gain on disposal as if the Disposal had been completed on 31 December 2021		<u><u>359,639</u></u>

## Notes:

- (a) The amount represents the estimated transaction costs and other legal and professional fee of HK\$2,000,000 expected to be incurred for the Disposal.
- (b) The amount represents the sum of the Target Group's amount due to ultimate holding company, convertible bonds and bank borrowings of HK\$222,740,000, HK\$136,509,000 and HK\$195,086,000 as at 31 December 2021, respectively, which will be settled by the Fund on behalf of the Target Group in pursuant to the Disposal.
- (c) The net liabilities of the Target Group of HK\$59,034,000 was extracted from the unaudited consolidated statement of financial position of the Target Group as at 31 December 2021 as set forth in Appendix II to this circular.
- (d) Pursuant to the Disposal, the Company (or its subsidiary/affiliate) and the Fund will enter into the Tenancy Agreement, whereby the Fund will lease the Property to the Group for the Group's use for a term of four years commencing on the Completion Date. The annual rent payable by the Group will be HK\$27,000,000, HK\$27,810,000, HK\$28,644,300 and HK\$29,503,629 for the first, second, third and fourth year of lease, respectively. The Property will continue to be used by the Group as premises for its operation. The estimated amounts of the right-of-use assets and lease liabilities to be recognised by the Group were HK\$53,078,000 and HK\$96,138,000, respectively.

Pursuant to the Disposal, a rental deposit of HK\$4,500,000 under the Tenancy Agreement will be deducted from the gross proceeds of the Disposal. Accordingly, amounts of approximately HK\$1,273,000 and HK\$3,227,000 are estimated to be recognised as the Group's right-of-use assets and rental deposits, respectively.

In addition, in pursuant to the Tenancy Agreement, the Group is required to pay monthly rental of HK\$2,250,000 in advance. Accordingly, the lease liabilities reduce by HK\$2,250,000, as if the Lease has taken place on 31 December 2021.

Actual gain/loss on disposal arising from the Disposal depends on actual amount of net liabilities of the Target Group on the completion date. Therefore, the actual gain/loss on the Disposal should be different from the amount calculated in the above table.

- (8) For the purpose of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group, the adjustment represents the estimated gain on the disposal of the Target Group as if the Disposal had been completed on 1 January 2021. Calculation of pro forma gain on the Disposal as at 1 January 2021 was as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Gross proceeds of the Disposal		900,000
Less: Estimated transaction costs directly attributable to the Disposal	<i>(a)</i>	(2,000)
Less: Settlement of amounts due to fellow subsidiaries, amount due to ultimate holding company and bank borrowings	<i>(b)</i>	(502,683)
Add: Net liabilities of the Target Group	<i>(c)</i>	21,815
Add: Amount of right-of-use assets retained by the Group	<i>(d)</i>	51,195
Less: Lease liabilities assumed by the Group	<i>(d)</i>	<u>(96,138)</u>
Estimated gain on disposal as if the Disposal had been completed on 1 January 2021		<u><u>372,189</u></u>

*Notes:*

- (a) The amount represents the estimated transaction costs and other legal and professional fee of HK\$2,000,000 expected to be incurred for the Disposal.
- (b) The amount represents the sum of the Target Group's amounts due to fellow subsidiaries, amount due to the ultimate holding company and bank borrowings of HK\$14,398,000, HK\$286,173,000 and HK\$202,112,000 as at 1 January 2021, respectively, which will be settled by the Fund on behalf of the Target Group in pursuant to the Disposal.
- (c) The net liabilities of the Target Group of HK\$21,815,000 was extracted from the unaudited consolidated statement of financial position of the Target Group as at 31 December 2020 as set forth in Appendix II to this circular.
- (d) Pursuant to the Disposal, the Company (or its subsidiary/affiliate) and the Fund will enter into the Tenancy Agreement, whereby the Fund will lease the Property to the Group for the Group's use for a term of four years commencing on the Completion Date. The annual rent payable by the Group will be HK\$27,000,000, HK\$27,810,000, HK\$28,644,300 and HK\$29,503,629 for the first, second, third and fourth year of lease, respectively. The Property will continue to be used by the Group as premises for its operation. The estimated amounts of the right-of-use assets and lease liabilities to be recognised by the Group were HK\$51,195,000 and HK\$96,138,000, respectively.

Pursuant to the Disposal, a rental deposit of HK\$4,500,000 under the Tenancy Agreement will be deducted from the gross proceeds of the Disposal. Accordingly, amounts of approximately HK\$1,273,000 and HK\$3,227,000 are estimated to be recognised as the Group's right-of-use assets and rental deposits, respectively.

In addition, in pursuant to the Tenancy Agreement, the Group is required to pay monthly rental of HK\$2,250,000 in advance. Accordingly, the lease liabilities reduce by HK\$2,250,000, as if the Lease has taken place on 1 January 2021.

- (9) For the purpose of the unaudited pro forma consolidated statement of cash flows of the Remaining Group, the adjustment represents i) the net cash inflow from the Disposal and ii) the advance payment of monthly rental of HK\$2,250,000 in pursuant to the Tenancy Agreement, as if the Proposed Transactions have taken place on 1 January 2021. Calculation of the cash inflow from the Disposal as at 1 January 2021 was as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Gross proceeds of the Disposal		900,000
Less: Estimated transaction costs directly attributable to the Disposal	<i>(a)</i>	(2,000)
Less: Settlement of bank borrowings	<i>(b)</i>	(362,112)
Less: The Investment	<i>(c)</i>	(345,000)
Less: Rental deposits	<i>(d)</i>	(4,500)
Net cash inflow from the Disposal		<u>186,388</u>

*Notes:*

- (a) The amount represents the estimated transaction costs and other legal and professional fee of HK\$2,000,000 expected to be incurred for the Disposal.
- (b) The amount represents the Target Group's bank borrowing of HK\$202,112,000 and the Group's bank borrowing of HK\$160,000,000 as at 1 January 2021, which will be settled by the Fund on behalf of the Target Group and the Group respectively in pursuant to the Disposal and deducted from the gross proceeds of the Disposal.

- (c) The amount represents the investment costs to the Fund of HK\$345,000,000 in pursuant to the Investment, which will be deducted from the gross proceeds of the Disposal.
- (d) The amount represents the rental deposit of HK\$4,500,000 under the Tenancy Agreement, which will be deducted from the gross proceeds of the Disposal.
- (10) The adjustment represents the recognition of warrant liability at its fair value of HK\$26,345,000 for the issuance of 581,578,947 Warrants with an aggregate face value of HK\$110,500,000 to the Subscriber as if the issue of Warrants has taken place on 31 December 2021. For the purpose of the Unaudited Pro Forma Financial Information, the adjustment is based on the fair value of the warrant liability as at 25 February 2022, which was determined using the Black-Scholes pricing model assessed by an independent valuer.
- (11) The adjustment represents the recognition of warrant liability at its fair value of HK\$26,345,000 for the issuance of 581,578,947 Warrants with an aggregate face value of HK\$110,500,000 to the Subscriber as if the issue of Warrants has taken place on 1 January 2021. For the purpose of the Unaudited Pro Forma Financial Information, the adjustment is based on the fair value of the warrant liability as at 25 February 2022, which was determined using the Black-Scholes pricing model assessed by an independent valuer.
- (12) Other than the adjustments relating to the Investment, the issue of Warrants and the Lease, the above adjustments are not expected to have a continuing effect on the Remaining Group.

**F. INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the unaudited pro forma financial information of the Remaining Group for the purpose of incorporation in this circular.*

***To the directors of Bonjour Holdings Limited***

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Bonjour Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 1 to 11 of Appendix III to the Company’s circular dated 7 June 2022 (the “**Circular**”) in connection with the Company’s Disposal, the Investment, the issue of Warrants and the Lease (collectively, the “**Proposed Transactions**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the notes as set out on pages 1 to 11 of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Transactions on the Group’s consolidated financial position as at 31 December 2021 as if the Proposed Transactions had taken place as at 31 December 2021, and on the Group’s consolidated financial performance and consolidated cash flows for the year ended 31 December 2021 as if the Proposed Transactions had been taken place at 1 January 2021. As part of this process, information about the Group’s consolidated financial position and consolidated financial performance has been extracted by the Directors from the Company’s published unaudited annual results announcement for the year ended 31 December 2021 dated 31 March 2022, on which no audit or review report has been published, and the Group’s consolidated cash flows has been extracted by the Directors from Company’s published supplemental unaudited annual results announcement for the year ended 31 December 2021 dated 2 June 2022, on which no audit or review report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

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

**Our Independence and Quality Control**

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

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

**Reporting Accountant's Responsibilities**

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in this circular is solely to illustrate the impact of Proposed Transactions on the unadjusted financial information of the Group as if the Proposed Transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transactions as at 31 December 2021 and 1 January 2021 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

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

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

7 June 2022

Lam Kam Fung

Practising Certificate No.: P07822

*After the Disposal, the Remaining Group will continue to carry out the existing businesses of retail sales and e-commerce, and will continue the digital transformation to new retail business model. The management discussion and analysis of the Remaining Group for the three years ended 31 December 2021 are set out as follows:*

## **A. BUSINESS OVERVIEW**

### **Business Review**

The Remaining Group has commenced its business transformation from early 2020. On the product side, the Remaining Group expanded the product range from pure beauty products to “Beauty, Health & Lifestyle” products, enhancing consumers experience. In terms of operations, the Remaining Group has leveraged on technology innovation to transform the traditional retail business to a new business ecosystem, of which the Remaining Group and all stakeholders including consumers, merchants and suppliers will benefit. This is achieved by (1) establishing an O2O system integrating offline with online operations to enhance consumers’ shopping experience; (2) establishing a global eCommerce platform “HKMall”(香港貓) to serve Hong Kong merchants as well as overseas brands across 34 countries over 44 market platforms; and (3) establishing an ecosystem to assist Hong Kong small and medium enterprises (SMEs) to digitally transform their traditional business into new business models.

### **Retail Sales**

The Remaining Group continued to pay attention to the changing needs of local consumers, by expanding the diversified product portfolio. Since the outbreak of COVID-19, epidemic prevention supplies have become the daily necessity for consumers, followed by face and body care products, as well as groceries and health products. In line with the national strategic direction, the Remaining Group has made concerted efforts to raise public health awareness and promote healthy living. Hence the Remaining Group now sells full range of “Beauty, Health, Lifestyle” products, creating a “Better Life” for consumers, both via physical stores as well as online eCommerce HKMALL(香港貓). At store operations front, the Remaining Group strategically adjusted the number of traditional retail stores and conducted assessment of the store locations, in the plan to digitally transform all the retail stores into new O2O store with integrated online/offline operations providing consumers new retail experience. This transformation will continue into the future.

**eCommerce – HKMALL (香港貓)**

In the context of maturity of 5G and digital technology, the Remaining Group has focused its resources and investment in digital transformation for future growth. Bonjour HKMALL (香港貓) is a global eCommerce platform providing new shopping experience to consumers all over the world. It renovates the three key elements of traditional retail in “location, products, consumers” into new order of “consumers, products, locations” in new retail models. The Remaining Group also assisted SMEs to expand their sales network via HKMALL efficiently and effectively to markets in Greater Bay Area and overseas countries. HKMALL sells authentic goods, and provides to SMEs easy way of payment settlement, logistics support and data services. HKMALL provides a fast track to SMEs to digitally transform their businesses.

The Bonjour HKMALL covers 34 countries, across 44 market platforms in Chinese mainland and overseas, including Tmall Global, Kaola, JD.com, WeChat Mini Program, HKTVmall, Tmall HK, MyLink, Facebook and Instagram etc.

“Live streaming-commerce” is the new pathway in new retail. Since 2020, the Remaining Group actively cultivates more than 200 sales staff to become KOLs; The Remaining Group has its own direct broadcasting studios, KOLs conduct sales on social media. As a result, the Remaining Group is able to improve the sales convenience and operation efficiency, while enhancing the interaction of consumer experience. With understanding of customers’ spending habits from data, the Remaining Group is able to effectively promote sales, accumulating online subscriptions and “Likes”, to enhance the brand awareness and increase customer loyalty.

Overall, the Remaining Group will integrate the concept of “Technology + Consumption”. Apart from organic growth, the Remaining Group will also seek opportunities to enter into business cooperation with strategic partners, and actively expand its business to Mainland China and overseas markets to accelerate the digital transformation and business development of the Remaining Group.

**B. FINANCIAL OVERVIEW****For the Year Ended 31 December 2021**

Despite the continuation of the epidemic affecting the economy in the year ended 31 December 2021, the Remaining Group has managed to streamline its operations via digitalization resulting in significant cost savings of operating costs (excluding impairment) as compared with the year ended 31 December 2020. In terms of turnover, the Remaining Group expanded its pure physical store retail business to online eCommerce as well as B2B business. This has managed to achieve a slight increase in revenue and narrow the loss by approximately 34.9% in comparison to the year ended 31 December 2020. The gross profit has faced a significant drop from 32.1% for the year ended 31 December 2021 to 7.9% in the previous year, which was mainly due to a change in product mix. During the year ended 31 December 2021, the Remaining Group engaged in trading of technology products which carried a relatively low gross profit percentage due to the highly competitive nature of this business. This area of business growth was on upward trend despite relatively low margin; hence the management has considered the expansion to technology product business was beneficial to the Remaining Group, complementing store retail sales which were adversely affected by prolonged period of COVID. The management of the Remaining Group has active plans to improve the financial results leveraging on digital transformation to achieve ultimate profitability as well as long term sustainable growth for the Remaining Group.

***Turnover***

Turnover of the Remaining Group for the year ended 31 December 2021 amounted to approximately HK\$627.0 million, representing an increase of approximately HK\$88.2 million or 16.4% as compared with approximately HK\$538.8 million for the year ended 31 December 2020.

***Cost of goods sold and Gross Profit***

Cost of goods sold of the Remaining Group for the year ended 31 December 2021 amounted to approximately HK\$577.0 million, representing an increase of approximately HK\$211.3 million or 57.8% as compared with approximately HK\$365.7 million for the year ended 31 December 2020.

Gross profit of the Remaining Group for the year ended 31 December 2021 amounted to approximately HK\$50.0 million, representing a decrease of approximately HK\$123.1 million or 71.1% as compared with approximately HK\$173.1 million for the year ended 31 December 2020.

***Loss attributable to Owners of the Company and Non-controlling Interests***

Loss attributable to owners of the Remaining Group for the year ended 31 December 2021 amounted to approximately HK\$157.6 million, representing a decrease of approximately HK\$84.5 million or 34.9% as compared with approximately HK\$242.1 million for the year ended 31 December 2020.

Loss attributable to non-controlling Interests of the Remaining Group for the year ended 31 December 2021 amounted to approximately HK\$ nil, representing a decrease of approximately HK\$2,689,000 or 100% as compared with approximately HK\$2,689,000 for the year ended 31 December 2020.

#### ***Liquidity, Financial Resources and Capital Resources***

The Remaining Group's total bank balances and cash increased by approximately HK\$21.5 million or 105.9% to approximately HK\$41.8 million as at 31 December 2021 from approximately HK\$20.3 million as at 31 December 2020.

As at 31 December 2021, the Remaining Group's total bank and other borrowings, trade finance loans and lease liabilities amounted to approximately HK\$227.0 million, representing a decrease of approximately HK\$210.2 million or 48.1% as compared with approximately HK\$437.2 million as at 31 December 2020.

As at 31 December 2021, the Remaining Group's gearing ratio (defined as the Remaining Group's bank and other borrowings divided by total equity of HK\$69.3 million and multiplied by 100%), was 287.1%. The current ratio of the Remaining Group as at 31 December 2021 was 0.89.

#### ***Foreign Exchange and Bank Borrowing Interest Rate Exposures***

The Remaining Group has limited exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Macau Pataca and Renminbi with a few denominated in Japanese Yen and Euro. The Remaining Group will continue to monitor its foreign exchange receipts and payments and the gearing levels on an on-going basis and, if necessary, will hedge the foreign exchange exposure by forward foreign exchange contracts. As at 31 December 2021, the Remaining Group's bank borrowings were not dominated in foreign currency.

As at 31 December 2021, the Remaining Group's bank borrowings were arranged at both fixed interest rate and floating interest rate basis at short-term inter-bank offer rates.

#### ***Contingent Liabilities***

As at 31 December 2021, the Remaining Group had no significant contingent liabilities.

#### **Other information**

#### ***Material acquisition and disposals***

The Remaining Group has no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

***Significant Securities Investments***

The investment objective of the Remaining Group is to achieve earnings and enhance the corporate value to the Shareholders. The strategy of the Group is to identify and invest in both listed and unlisted investments and other related financial assets with potential of growth within their industries. The Remaining Group has no specific industry focus on potential investment.

As at 31 December 2021, the Remaining Group had financial assets at FVTOCI (31 December 2020: financial assets at FVTOCI) through equity investments in Town Health International Medical Group Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock Code: 3886) (“Town Health”) with a total market value of approximately HK\$71.2 million, accounting for approximately 16.3% of the Group’s total assets (31 December 2020: approximately HK\$74.5 million, accounting for approximately 8.8% of the Group’s total assets). Town Health was principally engaged in the provision of Hong Kong medical services, Hong Kong managed care business, Mainland hospital management and medical services, provision of miscellaneous health related services and leasing of properties. The Remaining Group held 161,501,586 number of shares or 2.15% of shares of Town Health as at 31 December 2021. As at 31 December 2021, the investment costs incurred by the Remaining Group amounted to HK\$187.3 million. Throughout the year ended 31 December 2021, the Remaining Group only held two financial assets and the change on the fair value of such financial assets amounted to a loss of approximately HK\$8.2 million for the year ended 31 December 2021 (2020: loss of approximately HK\$5.2 million). The market value of the financial assets will be affected by the financial performance of Town Health. In addition, the fair value for the unlisted securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using Market Comparable Approach which is based on enterprise value- to-sales ratio on certain market comparables (level 3 fair value measurements). To mitigate relevant risks, the Remaining Group will monitor the trends of macro economy to optimise its investment strategies in response to market conditions. When considering future investment, the Remaining Group will assess the results of operations and compliance of the investees for purpose of economic gains.

***Future Plans for Material Investment or Capital Assets***

The Board will consider plans for investments and capital assets which can improve the Company’s profitability and liquidity.

***2021 Remuneration and training of Employees***

The Remaining Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. As at 31 December 2021, the Remaining Group had approximately 210 (2020: approximately 500) full-time and part-time employees in Hong Kong, Macau and the Mainland China. Staff costs including Directors’ emoluments for the year ended 31 December 2021 amounted to approximately HK\$93.7 million (2020: approximately HK\$130.8 million).

**For the Year Ended 31 December 2020**

2020 was a tough year for retails. Due to outbreak of COVID, mainland travelers dropped significantly which brought a major reduction in retail turnover of the Group. Both the turnover and gross profit dropped by over 60% with loss for the year nearly double. This reflected the general hardship confronted by the retail sectors in general. As COVID pandemic persisted, the Group therefore could not rely solely on traditional store sales, but had made a key decision to undergo digital transformation to online eCommerce from beginning of 2020. The Group set up live streaming studios and broadcast facilities, and trained up over 200 sales staff upgrading them to KOL selling merchandise online. The Group opened a new retail experience store (Bonjour Life O2O) in August, which utilizes big data and new technologies to bring a brand new shopping experience to the consumers. A global eCommerce platform 'HKMall' (香港貓) was established to support merchants with payment, logistics and data services.

***Turnover***

Turnover of the Remaining Group for the year ended 31 December 2020 amounted to approximately HK\$538.8 million, representing a decrease of approximately HK\$920.0 million or 63.1% as compared with approximately HK\$1,458.8 million for the year ended 31 December 2019.

***Cost of goods sold and Gross Profit***

Cost of goods sold of the Remaining Group for the year ended 31 December 2020 amounted to approximately HK\$365.7 million, representing a decrease of approximately HK\$602.7 million or 62.2% as compared with approximately HK\$968.4 million for the year ended 31 December 2019.

Gross profit of the Remaining Group for the year ended 31 December 2020 amounted to approximately HK\$173.1 million, representing a decrease of approximately HK\$317.3 million or 64.7% as compared with approximately HK\$490.4 million for the year ended 31 December 2019.

***Loss attributable to Owners of the Company and Non-controlling Interests***

Loss attributable to owners of the Remaining Group for the year ended 31 December 2020 amounted to approximately HK\$242.1 million, representing an increase of approximately HK\$128.9 million or 113.9% as compared with approximately HK\$113.2 million for the year ended 31 December 2019.

Loss attributable to non-controlling Interests of the Remaining Group for the year ended 31 December 2020 amounted to approximately HK\$2,689,000, representing an increase of approximately HK\$1,716,000 or 176.4% as compared with approximately HK\$973,000 for the year ended 31 December 2019.

***Liquidity, Financial Resources and Capital Resources***

The Remaining Group's total bank balances and cash decreased by approximately HK\$66.6 million or 76.6% to approximately HK\$20.3 million as at 31 December 2020 from approximately HK\$86.9 million as at 31 December 2019.

As at 31 December 2020, the Remaining Group's total bank and other borrowings, loan from a related company, trade finance loans and lease liabilities amounted to approximately HK\$437.2 million, representing a decrease of approximately HK\$247.4 million or 36.1% as compared with approximately HK\$684.6 million as at 31 December 2019. Certain of the Remaining Group's assets with net book value of approximately HK\$104 million were pledged to secure banking facilities granted to the Remaining Group. Other borrowings of HK\$8,000,000 are guaranteed by a director of the Remaining Group.

As at 31 December 2020, the Remaining Group's gearing ratio (defined as the Remaining Group's bank and other borrowings and trade finance loans divided by total equity of HK\$190.4 million and multiplied by 100%), was 130.6%. The current ratio of the Remaining Group as at 31 December 2020 was 0.83.

***Foreign Exchange and Bank Borrowing Interest Rate Exposures***

The Remaining Group has limited exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Macau Pataca and Renminbi with a few denominated in Japanese Yen and Euro. The Remaining Group will continue to monitor its foreign exchange receipts and payments and the gearing levels on an on-going basis and, if necessary, will hedge the foreign exchange exposure by forward foreign exchange contracts. As at 31 December 2020, the Remaining Group's bank borrowings were not dominated in foreign currency.

As at 31 December 2020, the Remaining Group's bank borrowings were arranged at both fixed interest rate and floating interest rate basis at short-term inter-bank offer rates.

***Contingent Liabilities***

As at 31 December 2020, the Remaining Group had no significant contingent liabilities.

**Other information*****Material acquisition and disposals***

The Remaining Group has no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

***Significant Securities Investments***

The investment objective of the Remaining Group is to achieve earnings and enhance the corporate value to the Shareholders. The strategy of the Remaining Group is to identify and invest in both listed and unlisted investments and other related financial assets with potential of growth within their industries. The Remaining Group has no specific industry focus on potential investment.

As at 31 December 2020, the Remaining Group had financial assets at FVTOCI (31 December 2019: financial assets at FVTOCI) through equity investments in Town Health International Medical Group Limited, a company listed on the Stock Exchange (Stock Code: 3886) (“**Town Health**”) with a total market value of HK\$74.5 million, accounting for 8.8% of the Remaining Group’s total assets (31 December 2019: HK\$77.8 million, accounting for 5.8% of the Remaining Group’s total assets). Town Health was principally engaged in the provision of Hong Kong medical services, Hong Kong managed care business, Mainland hospital management and medical services, provision of miscellaneous health related services and leasing of properties. The Remaining Group held 186,254,224 number of shares or 2.47% of shares of Town Health as at 31 December 2020. As at 31 December 2020, the investment costs incurred by the Remaining Group amounted to HK\$216.1 million. Throughout the year ended 31 December 2020, the Remaining Group only held two financial assets and the change on the fair value of such financial assets amounted to a loss of HK\$5.2 million for the year ended 31 December 2020 (2019: loss of HK\$5.4 million). The market value of the financial assets will be affected by the current status of being suspended in trading and the financial performance of Town Health. In addition, the fair value for the unlisted securities was determined by the directors with reference to the valuation carried out by an external independent valuer by using Market Comparable Approach which is based on enterprise value-to-sales ratio on certain market comparables (level 3 fair value measurements). To mitigate relevant risks, the Remaining Group will monitor the trends of macro economy to optimise its investment strategies in response to market conditions. When considering future investment, the Remaining Group will assess the results of operations and compliance of the investees for purpose of economic gains.

***Future Plans for Material Investment or Capital Assets***

The Board will consider plans for investments and capital assets which can improve the Company’s profitability and liquidity.

***2020 Remuneration and training of Employees***

The Remaining Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. As at 31 December 2020, the Remaining Group had approximately 500 (2019: approximately 700) full-time and part-time employees in Hong Kong, Macau and the Mainland China. Staff costs including Directors’ emoluments for the year ended 31 December 2020 amounted to approximately HK\$130.8 million (2019: approximately HK\$201.8 million).

**For the Year Ended 31 December 2019**

The local retail market suffered from a significant decline in 2019. This reflected the weak economy caused by the escalated US-Mainland trade tensions, as well as local social unrest which have soured shoppers' appetite for spending. In the first half of the year, the Group noticed changing habits among the Mainland tourists under the new eCommerce Law, there was a major drop in the 'daigou' shoppers (surrogate shopping) hence affecting the Group's store sales. During the second half of the year, the tourist arrivals sharply decreased as a result of Hong Kong's riots, which also caused closure of the Group's street stores for significant period of time. As a result, the Group's total retail sales for the year decreased by 18.7%, and gross profit dropped by 22.9% compared to the previous year. Rental cost of the retail stores continued to be one of the major expenses, the Group will continue to control expenditure by eliminating the underperforming shops when contracts expired, or negotiated for more reasonable rental on contract renewal, and will also consider lower cost short-term leases for street-level shops to maintain competitiveness.

***Turnover***

Turnover of the Remaining Group for the year ended 31 December 2019 amounted to approximately HK\$1,458.8 million, representing a decrease of approximately HK\$334.7 million or 18.7% as compared with approximately HK\$1,793.5 million for the year ended 31 December 2018.

***Cost of goods sold and Gross Profit***

Cost of goods sold of the Remaining Group for the year ended 31 December 2019 amounted to approximately HK\$968.4 million, representing a decrease of approximately HK\$189.3 million or 16.4% as compared with approximately HK\$1,157.7 million for the year ended 31 December 2018.

Gross profit of the Remaining Group for the year ended 31 December 2019 amounted to approximately HK\$490.4 million, representing a decrease of approximately HK\$145.4 million or 22.9% as compared with approximately HK\$635.8 million for the year ended 31 December 2018.

***Loss attributable to Owners of the Company and Non-controlling Interests***

Loss attributable to owners of the Remaining Group for the year ended 31 December 2019 amounted to approximately HK\$113.2 million, representing an increase of approximately HK\$95.5 million or 539.5% as compared with approximately HK\$17.7 million for the year ended 31 December 2018.

Loss attributable to non-controlling Interests of the Remaining Group for the year ended 31 December 2019 amounted to approximately HK\$973,000, as compared with HK\$nil for the year ended 31 December 2018.

***Liquidity, Financial Resources and Capital Resources***

The Remaining Group's total bank balances and cash decreased by approximately HK\$149.8 million or 63.3% to approximately HK\$86.9 million as at 31 December 2019 from approximately HK\$236.7 million as at 31 December 2018.

As at 31 December 2019, the Remaining Group's total bank and other borrowings, loan from a related company, trade finance loans, finance lease payables and lease liabilities amounted to approximately HK\$684.6 million, representing an increase of approximately HK\$289.6 million or 73.3% as compared with approximately HK\$395.0 million as at 31 December 2018. Certain of the Remaining Group's assets with carrying amount of approximately HK\$124 million were pledged to secure banking facilities granted to the Remaining Group.

As at 31 December 2019, the Remaining Group's gearing ratio (defined as the Remaining Group's bank and other borrowings, trade finance loans and loan from a related company divided by total equity of HK\$447.3 million and multiplied by 100%), was 54.4%. The current ratio of the Remaining Group as at 31 December 2019 was 1.10.

***Foreign Exchange and Bank Borrowing Interest Rate Exposures***

The Remaining Group has limited exposure to foreign exchange fluctuations given that most of its assets, receipts and payments are principally denominated in Hong Kong dollars, Macau Pataca and RMB with some denominated in USD and Japanese Yen. The Remaining Group monitors its foreign exchange position and, if necessary, will hedge its foreign exchange exposure by forward foreign exchange contracts. As at 31 December 2019, none of the Remaining Group's bank borrowings was dominated in foreign currency.

As at 31 December 2019, the Remaining Group's bank borrowings were arranged at both fixed interest rate and floating interest rate basis at short-term inter-bank offer rates.

***Contingent Liabilities***

As at 31 December 2019, the Remaining Group had no significant contingent liabilities.

***Other information******Material acquisition and disposals***

The Remaining Group has no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2019.

***Significant Securities Investments***

The investment objective of the Remaining Group is to achieve earnings and enhance the corporate value to the shareholders of the Company. The strategy of the Remaining Group is to identify and invest in both listed and unlisted investments and other related financial assets with potential of growth within their industries. The Remaining Group has no specific industry focus on potential investment.

As at 31 December 2019, the Remaining Group had financial assets at FVTOCI (31 December 2018: available-for-sale financial assets) through equity investments in Town Health International Medical Group Limited, a company listed on the Stock Exchange (Stock Code: 3886) (“**Town Health**”) with a total market value of HK\$77.8 million, accounting for 5.8% of the Remaining Group’s total assets (31 December 2018: HK\$83.2 million, accounting for 6.7% of total assets). Town Health was principally engaged in the provision of Hong Kong medical services, Hong Kong managed care business, Mainland hospital management and medical services, securities and properties investments and treasury management, and other miscellaneous health related services. The Remaining Group held 185,327,586 number of shares or 2.46% of shares of Town Health as at 31 December 2019. As at 31 December 2019, the investment costs incurred by the Remaining Group amounted to HK\$215.0 million. Throughout the year ended 31 December 2019, the Remaining Group has been holding only one single financial asset and the change on the fair value of such financial asset amounted to a loss of HK\$5.4 million for the year ended 31 December 2019 (2018: loss of HK\$4.4 million). The market value of the financial assets will be affected by the current status of being suspended in trading and the financial performance of Town Health. To mitigate relevant risks, the Remaining Group will monitor the trends of macro economy to optimise its investment strategies in response to market conditions. When considering future investment, the Remaining Group will assess the results of operations and compliance of the investees for purpose of economic gains.

#### ***Future Plans for Material Investment or Capital Assets***

The Directors do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Remaining Group’s best interests.

#### ***Remuneration and training of Employees***

As at 31 December 2019, the Remaining Group had approximately 700 (2018: 850) full-time and part-time employees in Hong Kong, Macau and the PRC. The total staff cost including Directors’ emoluments for the year ended 31 December 2019 amounted to approximately HK\$201.8 million (2018: HK\$225.2 million).

The following is the text of the valuation report, prepared for the purpose of incorporation in this circular, received from Dudley Surveyors Limited, an independent property valuer, in connection with their valuation of the Property as at 30 April 2022.



2 June 2022

The Directors  
Bonjour Holdings Limited  
12/F, Bonjour Tower,  
No. 36-50 Wang Wo Tsai Street,  
Tsuen Wan, New Territories,  
Hong Kong

Dear Sirs,

**Re: Valuation of Block A and Block B of Bonjour Tower, Nos. 36-42 and 44-50 Wang Wo Tsai Street, Tsuen Wan, New Territories (“Subject Property”)**

We refer to your instruction for us to carry out valuation of the captioned property interests held by Bonjour Holdings Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) in Hong Kong. We confirm that we have made relevant investigation and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Capital Value of the Subject Property as at 30 April 2022 (“**Valuation Date**”).

#### **Valuation Standards and Basis**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the “HKIS Valuation Standards (2020 Edition)” published by the Hong Kong Institute of Surveyors (“**HKIS**”).

Our valuation is conducted on market value basis defined by the International Valuation Standards and followed by the HKIS to mean “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

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

**Valuation Assumptions**

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit and burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the Subject Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Subject Property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the Subject Property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

**Valuation Methodology**

We have valued the Subject Property by using direct comparison approach. We have assumed sale of the property interests in its existing state with the benefit of vacant possession and by making reference to comparable sale evidence available in the relevant market.

**Source of Information**

In the course of our analysis, we have relied on a considerable extent on the information provided by you and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site and floor areas, occupancy and all other relevant matters.

No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us or collected from relevant government departments and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by you, which are material to the valuation. We were also advised that no material factors have been omitted from the information supplied.

**Title Investigations**

We have caused searches to be made at the Land Registry regarding the Subject Property. According to the land search, recorded up to 1 June 2022, the registered owner of the Subject Property is Apex Frame Limited. However, we are not legal professional and we are unable to ascertain the title and encumbrances (if any) registered against the Subject Property. We have assumed that the Subject Property has good title.

**Property Inspection**

The Subject Property was inspected by Ms. Ellen Lo Yee Tak on 2 December 2021 and 2 June 2022. No significant changes in building condition were observed between the two inspection dates. We have inspected the Subject Property to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the Subject Property is free of rot, infestation or any other structural defects.

We have not carried out site measurements to verify the correctness of the site area of the Subject Property and have assumed that the site area shown on the documents and official site plan handed to us is correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the Subject Property.

We enclose herewith our valuation certificate.

Yours faithfully

For and on behalf of

**Dudley Surveyors Limited**

**Ellen Lo Yee Tak**

*B.Sc., MHKIS, MRICS, RPS(GP), MCIREA*

*Managing Director*

*Notes:*

*Ms. Ellen Lo Yee Tak of 9/F., Siu Ying Commercial Building, 153 Queen's Road Central, Hong Kong, who is a Registered Professional Surveyor (General Practice), a member of The Hong Kong Institute of Surveyors and a member of Royal Institution of Chartered Surveyors. She has over 35 years' experience in real estate industry and property valuation sector in Hong Kong and the People's Republic of China.*

## VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Capital Value in the existing state as at 30 April 2022
Block A and Block B of Bonjour Tower, Nos. 36-42 and 44-50 Wang Wo Tsai Street, Tsuen Wan, New Territories	The Subject Property is located on the south-western side of Wang Wo Tsai Street near its junction with Yeung Uk Road, in the district of Tsuen Wan, New Territories, Hong Kong	As informed by Bonjour Holdings Limited, the Subject Property is held for sale. It is partly owner occupied and partly vacant. We have therefore assessed the Subject Property on vacant possession basis.	HK\$900,000,000 (HONG KONG DOLLARS NINE HUNDRED MILLION ONLY)
Registered at the Land Registry as Lot Nos. 458 and 488 in D.D. 443	The Subject Property is an industrial building comprises two 14-storey adjoining blocks, i.e. Block A (44-50 Wang Wo Tsai Street) erected on Lot No. 488 in D.D. 443 completed in 1973 and Block B (36-42 Wang Wo Tsai Street) erected on Lot No. 458 in D.D. 443 completed in 1975.		
	According to the New Grant No. TW4355, the registered area of Lot No. 488 is about 9,823 sq.ft. and according to the New Grant No. TW3880 of Lot No. 458, the registered area of Lot No. 458 is about 10,400 sq.ft.. The total Site Area of the two lots is about 20,223 sq.ft.		
	According to the Approved Building Plans, the total gross floor area of the Property is approximately 223,804.3 sq.ft.		
	The Subject Lots are held under New Grant No. TW4355 and TW3880 respectively for a term of 99 years commencing from 1 July 1898 and has been statutorily extended to 30 June 2047. The Government Rent of the Subject Property is 5% of the Rateable Value per annum.		

*Notes:*

1. The registered owner of the Subject Property is Apex Frame Limited 傲林有限公司 registered vide Memorial No. 14111202270173 dated 31 October 2014.
2. According to the land search records, the Subject Property is subject to the following salient encumbrances:
  - a) Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited to secure all moneys in respect of general banking facilities registered vide Memorial No. 14111202270182 dated 31 October 2014.
  - b) Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide Memorial No. 14111202270192 dated 31 October 2014.
  - c) Deed Poll registered vide Memorial No. 15052900590038 dated 18 May 2015.
  - d) Deed Poll registered vide Memorial No. 21081100490016 dated 10 August 2021.
3. The Subject Property is situated in an area zoned as “Comprehensive Development Area (6)” uses under the Approved Tsuen Wan Outline Zoning Plan No. S/TW/35 (the “OZP”) dated 18 February 2022.
4. According to the New Grant No. TW3880 for Lot No. 458, the salient terms and conditions regarding use restrictions of the lots are extract as follows: –

*Special Condition 5(a):*            “The lot shall be used only for industrial purposes excluding any offensive, noxious, noisome or unhealthy trade, business or manufacture.”
5. According to the New Grant No. TW4355 for Lot No. 488, the salient terms and conditions regarding use restrictions of the lots are extract as follows: -

*Special Condition 3:*            “The lot shall be used for general industrial and/or godown purposes excluding any trade, which is now or may hereafter be declared to be an offensive trade ...”

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation as defined in Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short position which they are taken or deemed to have under such provision of the SFO), or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

#### *Long positions in the Shares and underlying Shares*

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the issued share capital <i>(Note)</i>
Mr. Chen Jianwen	Beneficial owner	2,244,195,868	63.89%
Mr. Wan Yim Keung, Daniel	Beneficial owner	7,300,000	0.21%
Ms. Chiu Lai Kuen, Susanna	Beneficial owner	1,000,000	0.03%

*Note:* These percentages have been calculated based on the total number of issued Shares as at the Latest Practicable Date, i.e. 3,512,565,999 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' Interests*****Long positions in the Shares and underlying Shares***

<b>Name of shareholders</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of the issued share capital <i>(Note 1)</i></b>
Karfond Limited	Beneficial owner	667,578,947	19.01%
Far East Consortium Limited	Interest of controlled corporation	667,578,947 <i>(Note 2)</i>	19.01%
Far East Consortium (B.V.I.) Limited	Interest of controlled corporation	667,578,947 <i>(Note 3)</i>	19.01%
Ample Bonus Limited	Interest of controlled corporation	667,578,947 <i>(Note 4)</i>	19.01%
Far East Consortium International Limited	Interest of controlled corporation	667,578,947 <i>(Note 5)</i>	19.01%
Sumptuous Assets Limited	Interest of controlled corporation	667,578,947 <i>(Note 6)</i>	19.01%
Far East Organisation (International) Limited	Interest of controlled corporation	667,578,947 <i>(Note 6)</i>	19.01%
Mr. Chiu David	Interest of controlled corporation	667,578,947 <i>(Note 6)</i>	19.01%
Mrs. Chiu Ng Nancy	Interest of spouse	667,578,947 <i>(Note 7)</i>	19.01%

*Notes:*

- (1) These percentages have been calculated based on the total number of issued Shares as at the Latest Practicable Date, i.e. 3,512,565,999 Shares.
- (2) The share capital of Karfond Limited is wholly owned by Far East Consortium Limited. Accordingly, Far East Consortium Limited is deemed to be interested in all the underlying Shares held by Karfond Limited under the SFO.
- (3) The share capital of Far East Consortium Limited is wholly owned by Far East Consortium (B.V.I.) Limited. Accordingly, Far East Consortium (B.V.I.) Limited is deemed to be interested in all the underlying Shares held by Far East Consortium Limited under the SFO.

- (4) The share capital of Far East Consortium (B.V.I.) Limited is wholly owned by Ample Bonus Limited. Accordingly, Ample Bonus Limited is deemed to be interested in all the underlying Shares held by Far East Consortium (B.V.I.) Limited under the SFO.
- (5) The share capital of Ample Bonus Limited is wholly owned by Far East Consortium International Limited. Accordingly, Far East Consortium International Limited is deemed to be interested in all the underlying Shares held by Ample Bonus Limited under the SFO.
- (6) The share capital of Far East Consortium International Limited is substantially owned by Sumptuous Assets Limited with 48.6% of its share capital and Mr. Chiu David with 0.96% of its share capital. The share capital of Sumptuous Assets Limited is wholly owned by Far East Organization (International) Limited. Furthermore, the share capital of Far East Organization (International) Limited is wholly owned by Mr. Chiu David. Accordingly, Sumptuous Assets Limited, Far East Organization (International) Limited and Mr. Chiu David are deemed to be interested in all the underlying Shares held by Far East Consortium International Limited under the SFO.
- (7) These underlying Shares are held by Mr. Chiu David, as Mrs. Chiu Ng Nancy is the spouse of Mr. Chiu David. Mrs. Chiu Ng Nancy is deemed to be interested in all the Shares held by Mr. Chiu David by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the Company pursuant to the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

### **4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## 6. LITIGATION

On 28 May 2021, Bonjour Cosmetic Wholesale Center Limited, an indirect wholly-owned subsidiary of the Company, as the defendant (the “**Bonjour Wholesale**”), received a writ of summons under action number HCA 827 of 2021 (the “**Writ of Summons**”) issued in the Court of First Instance of the High Court of Hong Kong by the solicitors acting for Ms. Chung Pui Wan, as the 1st plaintiff (the “**1st Plaintiff**”) and Union East Technologies Limited as the 2nd plaintiff (the “**2nd Plaintiff**” and collectively, the “**Plaintiffs**”), against Bonjour Wholesale. As stated in the Writ of Summons, the Plaintiffs’ claim against Bonjour Wholesale is for return of the sum of HK\$44,300,000.00 being the outstanding amount due from Bonjour Wholesale under a series of loans advanced by the Plaintiffs to Bonjour Wholesale during the period from September 2018 to June 2020 and immediately repayable on demand or alternatively been money had and received. The Plaintiffs claim: (1) return of the sum of HK\$44,300,000.00, or alternatively restitutionary damages; (2) interest; and (3) costs. The 1st Plaintiff was a former executive Director who was removed as executive Director with effect from 29 June 2021. Please refer to the Company’s announcement dated 1 June 2021 for further details. The Board considers the claim under the Writ of Summons to be ill-founded and the Company will continue to defend the Company’s position. The abovementioned claim is still pending as at the Latest Practicable Date.

The Group has been involved in certain ongoing litigations and claims concerning accrued rent of its retail shops. As at the Latest Practicable Date, the total amount claimed under such ongoing litigations amounted to approximately HK\$146.4 million. The management has sufficient provision for the accrued rent and believes that a favourable settlement could be reached with the plaintiffs.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 7. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT’S INTERESTS

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

<b>Name</b>	<b>Qualification</b>
Grant Thornton Hong Kong Limited	Certified Public Accountants
Dudley Surveyors Limited	an independent professional property valuer

As at the Latest Practicable Date, each of the above experts has:

- (a) no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) no interest, direct or indirect, in any assets which have been, since 31 December 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 are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name included herein in the form and context in which they appear.

## 8. MATERIAL CONTRACTS

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

- (a) the conditional subscription agreement dated 1 April 2021 entered into between the Target Company, the Company and the Subscriber in relation to the subscription of the Convertible Bonds in the principal amount of HK\$129,500,000;
- (b) the Deed of Undertaking;
- (c) the deed of share charge dated 9 April 2021 entered into between the Company as chargor in favour of the Subscriber as chargee on the entire issued share capital of the Target Company;
- (d) the deed of guarantee dated 9 April 2021 given by the Company as a guarantor in favour of the Subscriber to secure the payment obligations of the Target Company under the Convertible Bonds;
- (e) the instrument dated 9 April 2021 executed by the Company by way of a deed poll constituting the Convertible Bonds;
- (f) the provisional sale and purchase agreement dated 11 June 2021 entered into between Wealthy Train Limited, a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company, as vendor and Vinson Development Limited in relation to disposal of Shops 2 & 3A on G/F of Dang Fat Mansion, 10-16 and 20 Tai Ho Road, 8-12 Dung Fat Street, 7-11 On Wing Street, Tsuen Wan, New Territories, Hong Kong for a consideration of HK\$115,000,000;

- (g) the conditional placing agreement dated 29 July 2021 (the “**Placing Agreement**”) entered into between the Company as issuer and the Venture Smart Asia Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO as placing agent in relation to the placing of the two-year 9% bonds issued by the Company (the “**Bonds**”) by Venture Smart Asia Limited with an aggregate principal amount of up to HK\$50,000,000 on a best effort basis pursuant to the terms and conditions of the Placing Agreement;
- (h) the Sale and Purchase Agreement;
- (i) the Subscription Agreement;
- (j) the Limited Partnership Agreement;
- (k) the Conditional Deed of Waiver;
- (l) the Warrant Instrument;
- (m) the Amendment Agreement; and
- (n) the Supplemental Deed.

## 9. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://corp.bonjourhk.com>) for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the Subscription Agreement;
- (c) the Limited Partnership Agreement;
- (d) the Conditional Deed of Waiver;
- (e) the unaudited financial information of the Target Group set out in Appendix II to this circular;
- (f) the report from Grant Thornton Hong Kong Limited in relation to review of the unaudited financial information of the Target Group for the years ended 31 December 2019, 2020 and 2021, the text of which is set out in Appendix II to this circular;
- (g) the report from Grant Thornton Hong Kong Limited in relation to the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

- (h) the property valuation report from Dudley Surveyors Limited, the text of which is set out in Appendix V to this circular;
- (i) the written consent referred to in the paragraph headed “7. Qualification and Consent of Expert and Expert’s Interests” in this Appendix VI;
- (j) the Amendment Agreement; and
- (k) the Supplemental Deed.

**10. MISCELLANEOUS**

- (a) the registered office of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands;
- (b) the head office and principal place of business of the Company is located at 12/F., Bonjour Tower, No. 36-50 Wang Wo Tsai Street, Tsuen Wan, Hong Kong;
- (c) the Company’s branch share registrar in Hong Kong is Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong;
- (d) the company secretary of the Company is Mr. Wong Iu Ming, who is a fellow member of The Hong Kong Institute of Certified Public Accountants; and
- (e) the English text of this circular prevails over the Chinese text in case of inconsistency.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Bonjour Holdings Limited 卓悦控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 653)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Bonjour Holdings Limited (the “Company”) will be held at 11:30 a.m. on Monday, 27 June 2022 at 12/F., Bonjour Tower, No. 36-50 Wang Wo Tsai Street, Hong Kong for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company.

### ORDINARY RESOLUTIONS

1. “THAT

- (a) the terms of and the transactions contemplated under the sale and purchase agreement entered into between the Company and CR Business Innovation Investment Fund L.P. (the “Fund”) on 28 March 2022 (the “Sale and Purchase Agreement”) in relation to the disposal of the entire issued share capital of Apex Centric Investment Limited (the “Target Company”) wholly and beneficially owned by the Company (the “Sale Share”) from the Company to the Fund (the “Disposal”) (a copy of which has been produced to the EGM and marked “A” initialled by the chairman of the EGM for the purpose of identification), pursuant to which the Company agreed to sell and the Fund agreed to purchase the Sale Share at an aggregate consideration of HK\$900,000,000, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (“Director”) be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in his/her opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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2. **“THAT**

- (a) the terms of and the transactions contemplated under the subscription agreement dated 28 March 2022 (the **“Subscription Agreement”**) entered into between CR Business Innovation Investment GP Company Limited (**“General Partner”**), Bonjour Investment Management Limited (**“Bonjour Investment”**), CR Capital Investment (Cayman) Limited (**“CRCI”**) and Ogier Global Subscriber (Cayman) Limited (together with Bonjour Investment and CRCI, the **“Limited Partners”**) in relation to the Fund (a copy of which has been produced to the EGM and marked “B” initialled by the chairman of the EGM for the purpose of identification) and the limited partnership agreement dated 28 March 2022 (the **“Limited Partnership Agreement”**) entered into between the General Partner and the Limited Partners in relation to the Fund (a copy of which has been produced to the EGM and marked “C” initialled by the chairman of the EGM for the purpose of identification), be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in his/her opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Subscription Agreement, the Limited Partnership Agreement and the transactions contemplated thereunder.”

3. **“THAT**

- (a) the instrument to be executed by the Company by way of a deed poll (the **“Warrant Instrument”**) constituting the 581,578,947 unlisted warrants (the **“Warrants”**) conferring rights to Karfond Limited to subscribe for 581,578,947 new shares of the Company (the **“Warrant Shares”**, and each a **“Warrant Share”**) at the exercise price of HK\$0.19 per Warrant Share (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants) at any time during the period commencing on the date of issue of the Warrants (being the date of completion of the Disposal) and ending on 9 April 2026 (both days inclusive) (the **“Warrant Subscription Rights”**) (a copy of which has been produced to the EGM and marked “D” initialled by the chairman of the EGM for the purpose of identification) be and is hereby approved, confirmed and ratified;
- (b) conditional upon the listing sub-committee (the **“Listing Committee”**) of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) having approved or agreed to approve the issue by the Company of an aggregate of 581,578,947 Warrants, initially exercisable into 581,578,947 Warrant Shares (subject to adjustment events set out in and in accordance with the terms and conditions of the Warrants) be and is hereby approved, confirmed and ratified;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrant Shares, the Directors be and are hereby granted a specific mandate authorising the Directors to exercise all the powers of the Company to allot and issue the Warrant Shares upon exercise of the Warrant Subscription Rights (the “**Specific Mandate**”), provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandates(s) which may have been granted to the Directors prior to the passing of this resolution; and
- (d) any one Director be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in his/her opinion necessary, desirable or expedient to implement and/or give effect to the Warrant Instrument, the issue of the Warrants, the allotment and issue of the Warrant Shares and all transactions contemplated thereunder, and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Warrants and the ancillary transactions and which are in the interests of the Company and its shareholders as a whole.”

For and on behalf of the Board  
**Bonjour Holdings Limited**  
**Chen Jianwen**  
*Chairman and Executive Director*

Hong Kong, 7 June 2022

*As at the date hereof, the board of Directors comprised Mr. Chen Jianwen, Mr. Wan Yim Keung, Daniel and Ms. Chiu Lai Kuen, Susanna as executive Directors; Mr. Kwok Chi Shing, Mr. Lee Kwun Kwan and Mr. Yan Sherman Chuek-ning as independent non-executive Directors.*

*Notes:*

1. A form of proxy for use at the EGM is enclosed.
2. Any member of the Company entitled to attend and vote at the EGM convened by this notice shall be entitled to appoint proxy to attend and vote instead of him in accordance with the Articles of the Company. A proxy need not be a member of the Company, but must be present in person to represent the member.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time fixed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should they so wish.
5. The above resolutions will be voted by way of a poll at the EGM.
6. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 22 June 2022 to Monday, 27 June 2022, both days inclusive. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 21 June 2022.