THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Mayer Holdings Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company mentioned herein.

MAYER

美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN HAPPY (HONG KONG) NEW CITY GROUP LIMITED INVOLVING ISSUE OF PROMISSORY NOTE AND CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 1 to 24 of this circular.

A notice convening the EGM to be held at 15th Floor, Admiralty Centre II, 18 Harcourt Road, Hong Kong on Thursday, 12 September 2019 at at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

23 August 2019

* *For identification purpose only*

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below:

"Accumulated Net Profit"	the accumulated audited consolidated profit after tax (in HK$) recorded in the audited consolidated financial statements of the Target Company to be prepared in accordance with Hong Kong Financial Reporting Standards after Completion
"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 11 June 2019 in relation to the Acquisition and the transactions contemplated thereunder
"Board"	the board of Directors
"Business Day(s)"	a day on which the banks are open for business in Hong Kong (other than Saturday, Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
"BVI"	the British Virgin Islands
"Co-operation Agreement"	a pre-work co-operation agreement entered into between the Project Company and Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）in June 2018 in relation to the redevelopment project of Yuetang Village in particular, among others, the urban planning and consulting, and organising and preparing the demolition and resettlement compensation plan
"Completion"	completion of the Acquisition

"Completion Date"	the fifth Business Day after all the conditions precedent of the Sale and Purchase Agreement have been fulfilled or waived (or such other date as the parties to the Sale and Purchase Agreement shall agree)
"Company"	Mayer Holdings Limited (美亞控股有限公司*), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 01116)
"Consideration"	HK$260 million, being the consideration payable for the Sale Shares
"Consideration Share(s)"	410,000,000 new Shares to be issued by the Company to settle part of the Consideration
"Deposit"	has the meaning ascribed to it in the paragraph headed "Consideration" in this circular
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Shareholders in respect of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder, and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares
"Enlarged Group"	the Group including the Target Group upon Completion
"Escrow Agent"	an Independent Third Party to be jointly appointed by the Vendor and the Company
"Escrow Agreement"	the escrow agreement to be entered into between the Purchaser, the Vendor, the Company and the Escrow Agent in respect of the holding of the Consideration Shares
"Greater Bay Area"	Guangdong-Hong Kong-Macau Bay Area, comprising cities in the Guangdong Province, Hong Kong and Macau
"Group"	the Company and its subsidiaries (from time to time)

"Guangzhou Mayer"	Guangzhou Mayer Corporation Limited, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
"Guarantor"	Mr. Zhou Shi Hao (周世豪), an individual who is the beneficial owner of the Vendor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Company"	Happy (Hong Kong) New City Group Limited, a company incorporated in Hong Kong with limited liability which is wholly owned by the Target Company
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
"Independent Valuer"	Grant Sherman Appraisal Limited
"Interest Rate"	3%, the interest rate of the Promissory Note
"Issue Price"	the issue price of HK$0.20 of each Consideration Share
"Joint Venture Agreement"	a joint venture agreement entered into between the Property Developer, Mingjishi and Zhongle Investment to form the Project Company, pursuant to which the Property Developer, Mingjishi and Zhongle Investment hold 51%, 20% and 29% equity interest in the Project Company respectively
"Last Trading Day"	11 June 2019, being the last trading day of the Shares before the signing of the Sale and Purchase Agreement
"Latest Practicable Date"	20 August 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2019 (of such later date as the parties to the Sale and Purchase Agreement may agree)
"Maturity Date"	31 March 2021, the maturity date of the Promissory Note
"Mingjishi"	Zhuhai Mingjishi Real Estate Consultant Co., Limited* (珠海明基石地產顧問有限公司), a company established in the PRC with limited liability, which directly held 20% equity interest in the Project Company as at the Latest Practicable Date
"Option Period"	one (1) year from the day on which the Purchaser confirmed to the Vendor the Accumulated Net Profit for the three financial years ending 31 December 2021 equals to or less than HK$130 million
"PRC"	the People's Republic of China excluding Hong Kong, Macau Special Administration Region and Taiwan for the purpose of this circular
"PRC Company"	Zhuhai Zhongle Huafeng Development Co., Limited* (珠海眾樂華豐發展有限公司), a company established in the PRC with limited liability and directly held the entire equity interest in Zhongle City Renewal as at the Latest Practicable Date
"Promissory Note"	the promissory note in the principal amount of HK$158 million issued by the Purchaser to the Vendor (or its nominee) to settle part of the Consideration
"Projects Interests Assignment"	Zhongle City Renewal, as pre-cooperative enterprise, transfers its entire responsibilities, rights, interests and risks in four redevelopment projects to an Independent Third Party
"Project Company"	Zhuhai Hau Fa Yue Tang Property Development Limited* (珠海華發月堂房產開發有限公司), a company established in the PRC with limited liability

"Property Developer"	Zhuhai Huajun Real Estate Development Co., Ltd.*（珠海華郡房產開發有限公司）, which is a wholly-owned subsidiary of Huafa Industrial Co., Limited Zhuhai（珠海華發實業股份有限公司）(a company listed on Shanghai Stock Exchange (stock code: 600325)) and an Independent Third Party
"Purchaser"	Elate Ample Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"Put Option"	the option granted by the Vendor to the Purchaser in respect of the sale and transfer of the entire issued share capital of the Target Company, details of which are set out in the section headed "Put Option" in this circular
"Reorganisation"	Zhongle City Renewal to further acquire 29% equity interest in the Project Company, and upon completion of such acquisition, the Target Company will indirectly hold an aggregate of 49% equity interest in the Project Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 11 June 2019 entered into among the Purchaser, the Vendor, the Guarantor and the Company in relation to the sale and purchase of the Sale Shares
"Sale Shares"	10,000 shares of the Target Company of par value of US$1.00 each, representing the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Specific Mandate"	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the allotment and issue of the Consideration Shares upon Completion
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Target Company"	Happy (Hong Kong) New City Group Limited, a company incorporated in the BVI with limited liability, which is wholly owned by the Vendor immediately prior to Completion
"Target Group"	the Target Company and its subsidiaries
"Target Profit Level"	HK$260 million, which equals to the Consideration
"Valuation"	a valuation prepared by the Independent Valuer in respect of the fair market value of 49% equity interest in the Project Company
"Valuation Report"	a valuation report prepared by the Independent Valuer in respect of the Valuation, full text of which is set out in Appendix VI to this circular
"Vendor"	Harbour Prestige International Limited (港威國際有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by the Guarantor
"Zhongle City Renewal"	Zhuhai Zhongle City Renewal Co., Limited.* (珠海眾樂城市更新有限公司), a company established in the PRC with limited liability, which indirectly held 20% equity interest in the Project Company through Mingjishi as at the Latest Practicable Date. Upon completion of the Reorganisation, in addition to the 20% equity interest held through Mingjishi, Zhongle City Renewal will also directly hold 29% equity interest in the Project Company, i.e. an aggregate of 49% equity interest in the Project Company

"Zhongle Investment"	Zhuhai Hengqin Zhongle Investment Company Limited* (珠海橫琴眾樂投資有限公司), a company established in the PRC with limited liability, which directly held 29% equity interest in the Project Company as at the Latest Practicable Date. Upon completion of the Reorganisation, Zhongle Investment will transfer its 29% equity interest in the Project Company to Zhongle City Renewal. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zhongle Investment and its ultimate beneficial owner are the Independent Third Parties
"%"	per cent

For the purpose of this circular, unless the context otherwise requires, conversion of RMB into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 to HK$1.13. No representation is made that any amounts in RMB and HK$ can be or could have been converted at the above exchange rate or any other rates.

In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

美亞控股有限公司*
MAYER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1116)

Executive Directors:
Mr. Lee Kwok Leung *(Chairman)*
Mr. Xu Lidi

Non-executive Director:
Mr. Wang Dongqi

Independent non-executive Directors:
Mr. Lau Kwok Hung
Mr. Deng Shimin

Registered Office:
PO Box 309GT, Ugland House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Head Office and Principal Place of Business in Hong Kong:
21st Floor
No. 88 Lockhart Road
Wan Chai
Hong Kong

23 August 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN
HAPPY (HONG KONG) NEW CITY GROUP LIMITED
INVOLVING ISSUE OF PROMISSORY NOTE AND
CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement dated 11 June 2019 in relation to the Acquisition and the transactions contemplated thereunder.

* *For identification purpose only*

On 11 June 2019 (after trading hours), the Purchaser (as purchaser), the Company, the Vendor (as vendor) and the Guarantor (as guarantor) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the Sale Shares at the consideration of HK$260 million, which shall be settled by cash, the issue and allotment of the Consideration Shares and the issue of the Promissory Note.

The purpose of this circular is to provide you with, among other things, (i) further details about the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group, the Target Group and the Project Company; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the Valuation Report in respect of the Project Company; (v) a notice of the EGM; and (vi) other information as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date : 11 June 2019

Parties : (1) the Purchaser;

(2) the Company;

(3) the Vendor; and

(4) the Guarantor. (collectively, the "**Parties**", each a "**Party**")

As at the Latest Practicable Date, the Target Company is wholly owned by the Vendor. Upon completion of the Reorganisation, the Target Company will indirectly hold 49% equity interest in the Project Company.

The redevelopment project of Yuetang Village was brought to the attention of the Board through a Director's business acquaintance, who is a close relative of the Guarantor and an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Guarantor is an Independent Third Party. The Vendor and the Guarantor do not have any relationship or other arrangement or engagement with the Company or its connected persons.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid after the date of the Sale and Purchase Agreement.

Consideration

The Consideration payable for the Sale Shares of HK$260 million shall be settled in the following manner:

(i) the Purchaser shall pay HK$20 million by cash as deposit (the "**Deposit**") to the Vendor (or its nominee) upon execution of the Sale and Purchase Agreement;

(ii) subject to the possible adjustment to the Consideration as set out in the below paragraph headed "Consideration Adjustment", the balance of the Consideration of HK$240 million shall be settled as follows:

(a) as to HK$158 million, which shall be settled by way of issue of the Promissory Note in the amount of HK$158 million by the Purchaser to the Vendor (or its nominee) on Completion Date; and

(b) as to HK$82 million, which shall be settled by way of allotment and issue of an aggregate of 410,000,000 Consideration Shares at the issue price of HK$0.20 per Consideration Share by the Company to the Vendor (or its nominee) on Completion Date. The Consideration Shares shall be held by the Escrow Agent in accordance with the terms of the Sale and Purchase Agreement and the Escrow Agreement.

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms taking into account of, among other things, (i) the preliminary valuation prepared by the Independent Valuer in relation to the fair market value of 49% equity interest in the Project Company; and (ii) the future business prospects of the Project Company.

The Promissory Note

Pursuant to the Sale and Purchase Agreement, the Purchaser will issue the Promissory Note in the principal amount of HK$158 million to the Vendor (or its nominee) as partial payment of the Consideration at Completion.

The principal terms of the Promissory Note are summarised as follows:

Issuer:	the Purchaser
Noteholder:	the Vendor (or its nominee)
Principal amount	HK$158 million
Maturity date:	31 March 2022 The Maturity Date was determined after arm's length negotiations between the Parties taking into account, among other things, (i) the mechanism of the adjustment to the Consideration (as set out in the below paragraph headed "Consideration Adjustment"); and (ii) the expected timing for the auditors to issue the auditor's report for the audited consolidated financial statements of the Target Company for the year ending 31 December 2021
Interest rate:	3% per annum, interest payable semi-annually The Interest Rate was determined after arm's length negotiations between the Parties taking into account, among other things, the four similar acquisition transactions of companies listed on the Stock Exchange in the past 6 months immediately prior to the date of the Sale and Purchase Agreement (i.e. 11 June 2019) involving issue of promissory note, of which the interest rates ranged from 0% to 6%. References made by the Parties are considered to be exhaustive.
Transferability:	The Promissory Note shall be freely transferrable or assignable by the Vendor to any persons (other than connected persons as defined in the Listing Rules) provided that the Vendor shall serve a prior written notice to the Purchaser of not less than ten (10) Business Days and the amount of each transfer shall not be less than HK$1 million
Adjustment and redemption mechanism:	The principal amount of the Promissory Note shall be subject to the possible adjustment to the Consideration as described in the below paragraph headed "Consideration Adjustment"

In particular,

(i) if adjustment to the Consideration does not occur, the Purchaser shall fully redeem the outstanding Promissory Note at the Maturity Date in accordance with the terms of the Promissory Note;

(ii) in the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 equals to or is less than HK$178 million but more than HK$130 million, the Purchaser will be compensated by HK$1 for each Hong Kong dollar (including less than a dollar) shortfall, whereby the Purchaser is entitled to deduct the actual difference (in HK$) between the Accumulated Net Profit and HK$178 million from the outstanding Promissory Note and confirm to the Vendor the adjusted principal amount of the Promissory Note after the deduction. The Purchaser shall redeem such Adjusted Promissory Note (as defined in the below paragraph headed ‘‘Consideration Adjustment’’) and pay for the relevant interest at the Maturity Date in accordance with the terms of the Promissory Note; and

(iii) in the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 equals to or is less than HK$130 million, or there is an accumulated net loss recorded for the three financial years ending 31 December 2021, the Purchaser is not required to pay the Vendor for all outstanding principal amount and relevant interest of the Promissory Note. All obligations of the Purchaser under the Promissory Note, including but not limited to payment obligations, shall cease upon the confirmation of the amount of the Accumulated Net Profit, i.e. equals to or is less than HK$130 million.

The Directors consider that the terms of the Promissory Note are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration Shares and the Issue Price

Pursuant to the Sale and Purchase Agreement, the Company will allot and issue, credited as fully paid, 410,000,000 Consideration Shares at the Issue Price to the Vendor (or its nominee), as partial payment of the Consideration.

The Consideration Shares represent:

(i) approximately 23.46% of the entire issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 19% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price of HK$0.20 per Consideration Share represents:

(i) a discount of approximately 11.11% to the closing price of the Shares of HK$0.225 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 21.56% to the closing price of the Shares of HK$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 20% to the average closing price of the Shares of approximately HK$0.25 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 20% to the average closing price of the Shares of approximately HK$0.25 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 9.10% to the audited net assets value per Share of approximately HK$0.22 based on the audited consolidated equity attributable to owners of the Company of approximately RMB335.26 million (equivalent to approximately HK$378.84 million) as at 31 December 2018 and the issued share capital of the Company as at the Latest Practicable Date of 1,748,000,000 Shares; and

(vi) a discount of approximately 33.33% to the unaudited net assets value per Share of approximately HK$0.30 based on the unaudited pro forma consolidated equity attributable to owners of the Company of approximately RMB460.11 million (equivalent to approximately HK$519.93 million) as at 31 December 2018 and the issued share capital of the Company as at the Latest Practicable Date of 1,748,000,000 Shares.

The Issue Price was determined after arm's length negotiations among the Parties taking into account, among other things, (i) the prevailing market performance of the Shares; (ii) 21 similar acquisition transactions of companies listed on the Stock Exchange in the past 6 months immediately prior to the date of the Sale and Purchase Agreement (i.e. 11 June 2019) involving issue of consideration shares, of which the discount rate of the issue price on their respective benchmark dates ranged from 13.20% to 33.33%; and (iii) fairness to the Shareholders who subscribed for offer shares at a price of HK$0.20 per offer share under the recent open offer conducted by the Company in the end of 2018 (as announced by the Company on 20 July 2018 and completed on 19 November 2018). The Directors consider that references made by the Parties to the similar transactions are exhaustive and the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the EGM. The Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of issuance and allotment.

An application will be made by the Company for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

(i) the Purchaser having completed the due diligence on the Target Group and is satisfied with the due diligence results of the various applicable approvals and licences, and the operations and management of the Target Group;

(ii) the Purchaser and the Company having obtained all necessary approvals for the Sale and Purchase Agreement, including the approval from the Stock Exchange and the approvals from the directors and shareholders of each of the Purchaser and the Company (if applicable), and having complied with the Listing Rules and all laws and regulations applicable to the Purchaser and the Company;

(iii) in respect of the issuance and allotment of the Consideration Shares, the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares;

(iv) the relevant statutory procedures for the Reorganisation having been duly completed such that Zhongle City Renewal, directly and indirectly (through Mingjishi), owns an aggregate of 49% equity interest in the Project Company;

(v) the relevant statutory procedures for the Projects Interests Assignment (Details of the Projects Interests Assignment are set out in the paragraph headed "Information on the Target Group" below) having been duly completed, including but not limited to obtaining the consent and confirmation of the relevant property owners and/or villagers in such projects; and

(vi) all representations, warranties and undertakings given by the Vendor and the Guarantor as set out in the Sale and Purchase Agreement remain true and accurate.

Other than the conditions set out in (ii), (iii), (iv) and (v) above, the Purchaser may at its absolute discretion at any time waive in writing for all or any of the conditions. The Vendor cannot waive any of the conditions.

If the conditions set out in the Sale and Purchase Agreement have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and determine (save and except clauses stated in the Sale and Purchase Agreement which shall continue to have full force and effect), and (i) no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof; and (ii) the Vendor shall unconditionally refund the Deposit (without interest) to the Purchaser within three (3) Business Days from the Long Stop Date.

As at the Latest Practicable Date, save as the condition precedent (v), none of the above conditions precedent has been fulfilled.

Completion

Completion shall take place on the Completion Date. In the event that the Completion does not take place, and hence the Sale and Purchase Agreement is terminated, the Vendor shall unconditionally refund the Deposit (without interest) to the Purchaser within three (3) Business Days from the date of termination of the Sale and Purchase Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company.

Consideration Adjustment

Upon Completion, the Purchaser shall engage its own auditors to audit the consolidated accounts of the Target Company and its subsidiaries for each of the three financial years after Completion (i.e. for the financial year ending 31 December 2019, 2020 and 2021 respectively in accordance with Hong Kong Financial Reporting Standards). The Purchaser shall confirm to the Vendor the Accumulated Net Profit of the Target Company within five (5) Business Days after the issue of the auditor's report for the consolidated financial statements of the Target Company for the relevant financial year.

(a) In the event that the Accumulated Net Profit reached or exceeded the Target Profit Level in any of the three financial years ending 31 December 2021, the Company and the Vendor shall jointly instruct the Escrow Agent to release the Consideration Shares to the Vendor or its nominee within ten (10) Business Days in accordance with the Escrow Agreement.

(b) In the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 is less than the Target Profit Level but more than HK$178 million, the Purchaser will be compensated by HK$1 for each HK$ (including less than a dollar) shortfall and the Consideration Shares to be released to the Vendor or its nominee shall be adjusted to such amount (the "**Adjusted Consideration Shares**") using the formulae below:

The Adjusted Consideration Shares:

410,000,000 Shares minus HK$(Target Profit Level – Accumulated Net Profit)/HK$0.2

After confirming the Adjusted Consideration Shares, the Company and the Vendor shall jointly instruct the Escrow Agent to release the Adjusted Consideration Shares to the Vendor or its nominee within ten (10) Business Days. For the avoidance of doubt, in the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 is less than HK$178 million, the Escrow Agent is not required to release any Consideration Shares to the Vendor.

(c) In the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 equals to or is less than HK$178 million but more than HK$130 million, other than the non-issue of any Consideration Shares under paragraph (b) above, the Purchaser will be compensated by HK$1 for each Hong Kong dollar (including less than a dollar) shortfall, whereby the Purchaser is entitled to deduct the actual difference (in HK$) between the Accumulated Net Profit and HK$178 million from the outstanding Promissory Note and confirm to the Vendor the adjusted principal amount of the outstanding Promissory Note after the deduction (the "**Adjusted Promissory Note**"). The Purchaser shall redeem the Adjusted Promissory Note and pay for the relevant interest in accordance with the terms of the Promissory Note.

(d) In the event that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 equals to or is less than HK$130 million, or there is an accumulated net loss recorded for the three financial years ending 31 December 2021, other than the non-issue of any Consideration Shares under paragraph (b) above, the Purchaser is also not required to pay the Vendor for all outstanding principal amount and relevant interest of the Promissory Note and may exercise the Put Option granted by the Vendor.

In the event that there are any Consideration Shares which are not released to the Vendor or its nominee (the "**Remaining Consideration Shares**") in accordance with the above consideration adjustment mechanism, the Remaining Consideration Shares shall be released to the Company in accordance with the Escrow Agreement, and the Company, the Purchaser or their respective nominees shall sell or dispose of all or any of the Remaining Consideration Shares (in a way which is unilaterally considered appropriate) on behalf of the Vendor or its nominee (as the case maybe) without notifying the Vendor or obtaining authorisation from the Vendor. The Company, the Purchaser or their respective nominees shall be entitled to receive the proceeds from the sale or disposal of the Remaining Consideration Shares.

For the avoidance of doubt:

(a) if the Accumulated Net Profit reached or exceeded the Target Profit Level in the financial year ending 31 December 2019, upon the confirmation of the Accumulated Net Profit for the financial year ending 31 December 2019 which equals to or exceeds the Target Profit Level, all the Consideration Shares shall be released to the Vendor in accordance with the Sale and Purchase Agreement and the Escrow Agreement and the principal amount of the Promissory Note shall not be adjusted but paid in full together with the relevant interest to the Vendor in accordance with the Promissory Note, and no further payment obligation due to the Vendor shall arise for the financial years ending 31 December 2020 and 2021, irrespective of whether the Accumulated Net Profit could be maintained at the Target Profit Level for the financial years ending 31 December 2020 and/or 2021; and

(b) if the Accumulated Net Profit reached or exceeded the Target Profit Level in the financial year ending 31 December 2020, upon the confirmation of the Accumulated Net Profit for the financial year ending 31 December 2020 which equals to or exceeds the Target Profit Level, all the Consideration Shares shall be released to the Vendor in accordance with the Sale and Purchase Agreement and the Escrow Agreement and the principal amount of the Promissory Note shall not be adjusted but paid in full together with the relevant interest to the Vendor in accordance with the Promissory Note, and no further payment obligation due to the Vendor shall arise for the financial year ending 31 December 2021, irrespective of whether the Accumulated Net Profit could be maintained at the Target Profit Level for the financial year ending 31 December 2021.

The terms regarding the duration for achieving the Target Profit Level are determined as a result of the negotiation between the Vendor and the Purchaser where it is expected that the Target Profit Level is likely to be reached in three years' time, i.e. by the end of financial year 2021. The Directors believe that it is unlikely for the Target Group to achieve the Target Profit Level before year 2021. However, there is still a slim possibility that the Target Group may achieve the Target Profit Level in year 2019 or year 2020 which is earlier than expected, the Consideration Adjustment mechanism therefore provides flexibility to the parties to cater for such circumstances. In light of the aforementioned, the Directors are of the view that the Consideration Adjustment mechanism is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the terms of the Escrow Agreement have not yet been finalised. The terms of the Escrow Agreement, together with the identity of the Escrow Agent, will be finalised before Completion takes place.

The Purchaser intends to utilise internal financial resources for the redemption of the Promissory Note or the Adjusted Promissory Note (as the case may be).

The conversion of RMB to HK$ is determined based on the RMB exchange rate announced by The People's Bank of China on the Business Day prior to the date on which the Purchaser confirms the Accumulated Net Profit to the Vendor.

Put Option

The Vendor agrees that, in the event that the Accumulated Net Profit of the Target Company recorded for the three financial years ending 31 December 2021 equals to or less than HK$130 million, the Purchaser is granted the right to exercise at any time during the Option Period the sale and transfer of the entire issued share capital of the Target Company (the "**Option Shares**") to the Vendor at the Purchase Price (as defined below).

Both the Purchaser and the Vendor agree that the total consideration for the Vendor to purchase the Option Shares is the sum of all funds invested or to be invested by the Purchaser into the Target Company in any form up to the date of the exercise of the Put Option (including but not limited to the Deposit being part of the Consideration paid to the Vendor in cash under the Sale and Purchase Agreement and any loans to be provided by the Purchaser to the Target Group after Completion) (the "**Purchase Price**"). In any case, the Purchase Price shall not be less than HK$20 million (i.e. the Deposit).

Upon the Purchaser's confirmation that the Accumulated Net Profit recorded for the three financial years ending 31 December 2021 equals to or is less than HK$130 million, or there is an accumulated net loss recorded for the three financial years ending 31 December 2021, the Purchaser may exercise the Put Option, at any time during the Option Period by giving at least one month's written notice to the Vendor (the "**Option Exercise Notice**"), in order to require the Vendor to purchase all the Option Shares at the Purchase Price. The Purchaser can only exercise the Put Option once for all Option Shares. Once the Option Exercise Notice has been issued, it constitutes an irrevocable legally binding responsibility for both parties. At the expiry of the Option Period, all rights and interests under the Put Options shall automatically lapse, and neither party shall have any rights to the other party or assumes any liabilities to the other party.

The Purchaser undertakes that if the date ending on the first month after the issuance of the Option Exercise Notice (the "**Closing Date**") is not a Business Day, the Closing Date will be postponed to the next Business Day, where all the Option Shares shall be duly transferred to the Vendor.

The Company will comply with the Listing Rules and publish announcement as and when appropriate if it exercises the Put Option.

For the avoidance of doubt, as the proceeds from the Equity Transfer (as defined in the below paragraph headed "Information on the Target Group") will form part of the Accumulated Net Profit, in the event that (i) the Equity Transfer takes place, i.e. the Project Company is no longer be part of the Target Group, before the exercise of the Put Option within the three financial years ending 31 December 2021; and (ii) the Accumulated Net Profit of the Target Company recorded for the three financial years ending 31 December 2021, after taking into account of the proceeds from the Equity Transfer equals to or is less than HK$130 million, the Put Option is still capable of being enforced or exercised.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability, which is wholly owned by the Vendor immediately prior to Completion. The Target Company is principally engaged in investment holdings. It directly held the entire issued share capital of the Hong Kong Company as at the Latest Practicable Date.

The Hong Kong Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. It directly held the entire equity interest in the PRC Company as at the Latest Practicable Date.

The PRC Company is a company established in the PRC with limited liability. It directly held the entire equity interest in Zhongle City Renewal as at the Latest Practicable Date. Its business scope includes, among others, business management consulting, business information consulting and economic information consulting, which does not involve financial information.

Zhongle City Renewal is a company established in the PRC with limited liability. Zhongle City Renewal directly held the entire equity interest in Mingjishi which, in turn, held 20% equity interest in the Project Company as at the Latest Practicable Date. Upon completion of the Reorganisation, in addition to the 20% equity interest held through Mingjishi, Zhongle City Renewal will also directly hold 29% equity interest in the Project Company, i.e. an aggregate of 49% equity interest in the Project Company. It is principally engaged in, among others, urban renewal project planning and consulting. It is currently a member unit of the Guangdong Province Old Town Old Factory Old Village Redevelopment Association, which is the first provincial "Three Old – Old Town, Old Factory, Old Village" redevelopment association in the PRC, initiated by enterprises and institutions engaged in the "Three Old" redevelopment industry and related fields as a bridge and link between the government and industry practitioners.

As at the date of the Sale and Purchase Agreement, apart from the redevelopment project of Yuetang Village*（月堂村）located in Sanzhao Town, Jinwan District, Zhuhai ("**Yuetang Village**") which was being operated by the Project Company, Zhongle City Renewal engaged in four other redevelopment projects in the PRC, which were at preliminary stage. At as the Latest Practicable Date, the Projects Interests Assignment is completed and all responsibilities, rights, interests and risks in the four redevelopment projects were transferred by Zhongle City Renewal to an Independent Third Party. The completion of the Projects Interests Assignment has no financial impact on the Target Group as there were no asset and liability in relation to the four redevelopment projects recognised in the account of the Target Group before the completion of the Projects Interests Assignment.

Mingjishi is a company established in the PRC with limited liability, which directly held 20% equity interest in the Project Company as at the Latest Practicable Date. Its business scope includes, among others, real estate consulting, real estate agency services, real estate development and property management.

The Project Company is a company established in the PRC with limited liability and upon completion of the Reorganisation, an aggregate of 49% equity interest in the Project Company will be indirectly held by the Target Company. The remaining 51% equity interest in the Project Company was owned by the Property Developer as at the Latest Practicable Date. The Project Company was established for the purpose of operating the redevelopment project of Yuetang Village*（月堂村）located in Sanzhao Town, Jinwan District, Zhuhai.

In relation to the redevelopment project of Yuetang Village, the Property Developer, Mingjishi and Zhongle Investment entered into the Joint Venture Agreement to form the Project Company, pursuant to which the Property Developer, Mingjishi and Zhongle Investment hold 51%, 20% and 29% equity interest in the Project Company respectively. Pursuant to the Joint Venture Agreement, the parties shall urge the Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）to carry out the preliminary work of the redevelopment project and introduce the Project Company as the preliminary work co-operation entity for the Yuetang Village redevelopment project. The co-operation period under the Joint Venture Agreement is 5 years from 10 January 2018, the date of the execution of the Joint Venture Agreement, and the period can be extended by parties.

Zhongle Investment is a company established in the PRC with limited liability which principally engages in urban renewal project planning and consulting. As at the Latest Practicable Date, Zhongle Investment directly held 29% equity interest in the Project Company. Upon completion of the Reorganisation, such 29% equity interest in the Project Company will be directly held by Zhongle City Renewal.

The Project Company entered into the Co-operation Agreement with Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）in June 2018 in relation to the redevelopment project of approximately 187,809 square meters of land in Yuetang Village and the relevant the urban planning and consulting, and organising and preparing the demolition and resettlement compensation plan. Pursuant to the Co-operation Agreement, the implementation period is 5 years from 7 June 2018, the date of execution of the Co-operation Agreement. The implementation period can be extended through the entering into of a supplemental agreement between the parties. The Project Company has been confirmed by the government authority of Sanzao Town as the preliminary work co-operation entity for the Yuetang Village redevelopment project.

Based on "Notice of the Guangdong Provincial People's Government on Promoting the Level of "Three Olds" Transformation and Promoting the Saving of Collective Land" (Guangdong Province [2016]96)*（《廣東省人民政府關於提升"三舊"改造水準促進節約集體用地的通知》（粵府[2016]96號））and "Measures for the Administration of Urban Renewal in Zhuhai Special Economic Zone" (Zhuhai Municipal People's Government Order No. 114)*（《珠海經濟特區城市更新管理辦法》（珠海市人民政府令第114號））, the Yuetang Village redevelopment project is in line with and supported by the government policy.

The preliminary stage of the Yuetang Village redevelopment project (the "**Preliminary Stage**") will be completed upon the approval of the redevelopment plan by Jinwan District People's Government*（金灣區人民政府）and the entering into of the demolition and relocation compensation agreements with all related property owners of Yuetang Village. In order to finance the compensation for demolition and relocation and the land price, the Project Company will obtain loans from the financial institutions in the PRC. Based on the past experience of the management of the Target Group, it is expected that such loans could be obtained as the urban redevelopment project in Zhuhai is supported by the government policy in the PRC. As advised by the management of the Target Group, as at the Latest Practicable Date, there was no foreseeable material legal impediment for the government authority to approve the redevelopment plan.

If, after completion of the Preliminary Stage, the Project Company enters into the land use right transfer agreement with the land department of the PRC government and obtains the State Land Use Permit*(國有土地使用證)and construction development approval from the government authority, the Target Group, may either (i) proceed with the Equity Transfer (as defined below) to achieve considerable profits in advance, subject to the negotiation with the Property Developer; or (ii) if the Equity Transfer (as defined below) does not take place, participate in the secondary development of the land in order to maximise the profits. As the Latest Practicable Date, the Target Group had not engaged any expert in respect of the secondary development of the land. The Target Group will engage expert(s) to monitor the secondary development project if necessary.

According to the management of the Target Group, it is expected that over 90% of the demolition and relocation compensation agreements will be signed by end of year 2021 and the State Land Use Permit*(國有土地使用證)will also be obtained from the government authority for the Yuetang Village redevelopment project by the end of year 2021. After obtaining the State Land Use Permit*(國有土地使用證), the re-construction of commercial housing will be commenced and the relocation process is planned to be completed in year 2023. As advised by the management of the Target Group, as at the Latest Practicable Date, there was no foreseeable material legal impediment for the Project Company to enter into the demolition and relocation compensation agreements with all related property owners.

As advised by the PRC legal advisor to the Company, in the event that the Preliminary Stage has completed and confirmed by the government authority, it is expected that the government authority will issue the State Land Use Permit*(國有土地使用證) and grant the construction development approval without material legal impediment.

As advised by the management of the Target Group and disclosed in the Valuation Report, the estimated total consultation fee of approximately RMB29 million will be paid to the Property Developer by the Project Company by stages in accordance with the demolition and relocation progress, which is estimated to be approximately 2% of the total relocation cost (including construction cost, preliminary cost and relocation compensation but excluding land cost). The actual consultation fee will be determined upon signing a formal agreement with the Property Developer.

Under the Joint Venture Agreement, upon the obtaining of the State Land Use Permit*(國有土地使用證)from the government authority for the Yuetang Village redevelopment project and subject to the fulfillment of all other related requirements (including due diligence work having been satisfied by the Property Developer and the related resolution having been approved by the board/shareholders of the parent company of the Property Developer), the Property Developer can, at its sole discretion, initiate a process of acquiring the 49% equity interest in the Project Company from the Target Company (the "**Acquisition Process**"), and in such case the Target Company shall transfer its 49% equity interest in the Project Company to the Property Developer (the "**Equity Transfer**"). In the event that the Property Developer initiates the Acquisition Process, it is a binding obligation for the Target Group to negotiate with the Property Developer the terms of the acquisition of the 49% equity interest in the Project Company, but not a binding obligation for the Target Group to proceed with or complete the Equity Transfer. The Company will comply with the Listing Rules and publish announcement as and when appropriate if the Equity Transfer is materialised.

The consideration of the Equity Transfer shall be determined with reference to (i) the saleable commercial housing construction area based on the floor area ratio to be approved by the Zhuhai government; (ii) the floor price to be agreed on by the parties; (iii) the total project cost for obtaining the saleable commercial housing construction area under the Yuetang Village redevelopment project, including but not limited to the pre-work expenses, relocation compensation and taxes, resettlement fees, relocation management fees, land prices and taxes, and the comprehensive construction costs of the relocation houses and the supporting properties of the relocation area; and (iv) any taxation expenses to be potentially incurred by the Project Company. As at the Latest Practicable Date, the consideration for the Equity Transfer had not been determined.

To the best of the Directors' understanding, the Equity Transfer will not take place before Completion.

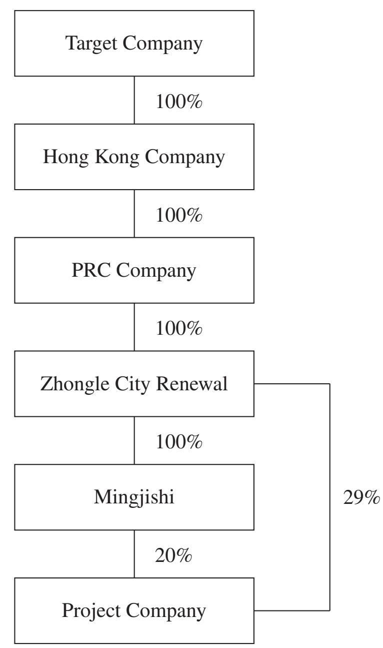
As at the Latest Practicable Date, the board of directors of the Project Company (the "**Project Company Board**") was constituted by five directors of which one was nominated by Zhongle Investment, one was nominated by Mingjishi and three were nominated by the Property Developer.

Upon Completion, the Company will nominate two directors to the Project Company Board to replace the existing two directors nominated by Zhongle Investment and Mingjishi, one supervisor to the Project Company Board, and one deputy general manager and one deputy finance manager to the Project Company.

Upon the Completion, the Project Company will become an associated company of the Group and its financial results will be equity accounted for in the consolidated financial statements of the Enlarged Group.

In the event that the Equity Transfer takes place, the 49% equity interest in the Project Company indirectly held by the Target Company will be disposed of. The difference between the consideration of the Equity Transfer and the carrying amount of the transferring equity interest in the Project Company will be charged to profit or loss of the Enlarged Group.

Shareholding structure of the Target Group (upon completion of the Reorganisation)



Financial information of the Target Group

Details of which are set out in the Appendix II and Appendix III to this circular.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability, which is wholly owned by the Guarantor. It held the entire issued share capital of the Target Company as at the Latest Practicable Date. The Target Company is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner, and the Guarantor is an Independent Third Party.

INFORMATION ON THE GROUP AND THE PURCHASER

The Company is an investment holding company. The Group is principally engaged in the processing and manufacturing of steel sheets and steel pipes.

The Purchaser is principally engaged in investment holding and is a wholly-owned subsidiary of the Company.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will be entirely indirectly owned by the Company and become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company.

Earnings

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company. As set out in the Appendix II to this circular, the Target Group recorded nil revenue for the year ended 31 December 2018 and for three months ended 31 March 2019, and recorded net loss of approximately RMB0.95 million (equivalent to approximately HK$1.07 million) and net loss of approximately RMB0.51 million (equivalent to approximately HK$0.58 million) for the for the year ended 31 December 2018 and for three months ended 31 March 2019, respectively. The Directors expect that the business of the Target Group will have a positive impact on the Group's financial performance in the future either through the Equity Transfer or the participation in the secondary development of the land.

Assets and liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix V to this circular, the net assets of the Enlarged Group would increase from approximately RMB386.28 million to approximately RMB460.11 million as a result of the Acquisition.

Upon Completion, the Enlarged Group's total assets would increase from approximately RMB476.97 million to approximately RMB692.36 million and its total liabilities would increase from approximately RMB90.69 million to approximately RMB93.46 million.

Details of the financial effect of the Acquisition on the financial position of the Enlarged Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix V to this circular.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company considers the Acquisition will diversify the Group's business into an emerging market in Zhuhai. Zhuhai's economy saw significant growth in 2018 with the industrial sector recording an average growth rate of approximately 10.7% in their six leading industries. The volume of imports and exports also grew at approximately 23.2% and 19.9% respectively between 2017 and 2018. In 2018, Zhuhai's real estate sector saw a growth of approximately 13.6% compared with 2017. Both the industrial and property sectors outperformed China's overall market. With several significant investments, developments and projects in progress or near completion, Zhuhai is expected to continue to experience high growth moving forward into and beyond 2019.

As a key part of the Greater Bay Area project, the Zhuhai government has poured significant investments into improving accessibility, accommodations, facilities and attractions for tourism, including (i) RMB360 million to improve transit infrastructure & cityscape; (ii) RMB330 million to support museums & cultural centers; (iii) RMB1.2 billion to improve & revitalise rural areas. The Zhuhai government is also heavily investing into industrial & logistics infrastructure, such as the Hong Kong – Zhuhai – Macau Bridge, upgrading the Gaolan port & Hengqin new district, a new regional airport and the Zhuhai airport intelligent logistics park, in order to attract foreign investment and enterprises. Zhuhai and the central government's long term goal are to position Zhuhai as a premier tourist destination and as an industrial & logistics maritime hub.

The Zhuhai government's various investments, developments and projects in the Greater Bay Area will likely generate increasing demand for housing, office space and industrial & logistical capacity. The acquisition may potentially allow the Company to capitalise on any benefits of development of the Greater Bay Area.

The redevelopment of Zhuhai is a key part of the Greater Bay Area project, as such the Yuetang Village redevelopment project is a direct result of the development of the Greater Bay Area. The Acquisition is being made in order for the Company to capitalise on the redevelopment of Zhuhai's old districts. The Company can either (i) participate in the redevelopment project through secondary development of the land or (ii) capitalise on the estimated value of the redevelopment project through the Equity Transfer.

Taking the aforementioned information into account, the Directors consider that the Acquisition, if materialised, represents a good opportunity for the Group to further diversify and enhance the profitability of the Group through expanding the Company's business network within the Great Bay Area. In consideration of the prospects of Zhuhai and the Target Group as mentioned above, the Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VALUATION

According to the Valuation, the appraised value of 49% equity interest in the Project Company is approximately RMB236.27 million (equivalent to approximately HK$266.99 million) as at 31 March 2019, which was prepared using the discounted cash flow method under income approach. As the Valuation contains a profit forecast under Rule 14.61 of the Listing Rules, accordingly, the requirements under Rule 14.62 of the Listing Rules are applicable.

The following are the details of the principal assumptions, including commercial assumptions, upon which the Valuation were based:

– The historical financial information and the prospective financial information including the underlying assumption (the "**PFI**") provided by the management of the Company and the Target Group (the "**Management**") has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;

– The Project Company can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;

– The Project Company will utilise and maintain its current operational, administrative and technical facilities to expand and increase its profitability;

– The Project Company will retain and have competent management, key personnel, and technical staff to support its ongoing operation, if any;

– It is assumed that the Land Premium Policy Draft (as defined in the Valuation Report) will be implemented on or before 2021, when the Project Company plans to pay the land premium according to the development timetable;

– The Project Company has obtained and will obtain all necessary permits, license, certificates and approvals to carry out its business as planned in the PFI;

– It is assumed that the purpose of the Project Company is solely and exclusively for the development of the Project without any other business or project ownership;

– According to the Joint Venture Agreement, the consideration of Equity Transfer will be paid by stages in accordance with the demolition and relocation progress. The payment schedule adopted in the Valuation is estimated by the Management based on the current development timetable and is deemed to be the best estimation as at the date of Valuation (i.e. 31 March 2019);

– As the redevelopment project of Yuetang Village is in the early development stage, all the terms and conditions of the relocation compensation are subject to the related parties' and the government's approval. All the parameters (the "**Parameters**") in relation to the calculation of the relocation compensation, including the relocation area and compensation amounts, temporary building compensation, and any other related inputs, are estimated by the Management based on the demolition and relocation compensation agreements and loan agreements of comparable projects (the "**Reference Material**") and their industry knowledge. It is assumed that the Parameters are reasonable and are deemed to be the best estimations as at the date of Valuation (i.e. 31 March 2019);

– The Target Group have not employed any expert in respect of the secondary development of the land such that their involvement in the development plan for the secondary development is highly remote. In addition, in view of current positive margin between the floor price and the key project costs (i.e. the land price, relocation compensations) and their highly positively correlation, therefore, it is reasonable to assume that the possibility of a non-profitable Equity Transfer is highly unlikely. Based on the above, it is assumed that, for the best interest of the Target Group as at the date of Valuation (i.e. 31 March 2019), after 90% of compensation agreements are signed and all other related requirements are met, the 49% equity interest owned by the Target Group will be sold to the Property Developer, while former party will still undertake the relevant relocation cost, which will also be considered in the calculation of the consideration of the Equity Transfer; and

– The borrowing costs are assumed to be 4.99%, which is estimated based on the Reference Material. According to the Management's representation, the comparable projects in the Reference Material had similar shareholder structure (i.e. an independent property developer holding the majority equity interest) with the Project Company, and therefore it is of the Management's view that it is practical to have the similar favorable borrowing terms to those of comparable projects in the Reference Material in accordance to the Property Developer's credit worthiness.

Details of the Valuation are set out in the Valuation Report in the Appendix VI to this circular.

Veda Capital Limited, the financial adviser to the Company, has reviewed the profit forecast of the Project Company and has discussed with the management of the Company the principal assumptions upon which the profit forecast were based. Veda Capital Limited has also considered the above letter from ZHONGHUI ANDA CPA Limited regarding the calculations of the profit forecast on which the Valuation in respect of the Target Group Project Company prepared by the Independent Valuer were based. On the basis of the foregoing, Veda Capital Limited is of the view that the profit forecast have been made by the Directors after due and careful enquiry.

The Directors confirmed that the profit forecast in the Valuation is presented on a basis consistent in all material respects with the accounting policies of the Group.

The above-mentioned letters from Veda Capital Limited and ZHONGHUI ANDA CPA Limited regarding the profit forecast in the Valuation are set out in the Appendix VII and VIII to this circular in compliance with Rule 14.62 of the Listing Rules. The Company has submitted the letters from Veda Capital Limited and ZHONGHUI ANDA CPA Limited to the Stock Exchange in compliance with Rules 14.62(2) and (3) of the Listing Rules.

CHANGES IN SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion and the allotment and issue of the Consideration Shares, for illustration purposes only:

	(i) As at the Latest Practicable Date		(ii) Immediately upon Completion and the allotment and issue of the Consideration Shares	
	No. of Shares	*Approximate % of issued Shares*	*No. of Shares*	*Approximate % of issued Shares*
Aspial Investment Limited	460,000,000	26.32%	460,000,000	21.32%
Bumper East Limited	280,000,000	16.02%	280,000,000	12.97%
Wong Shek Kwan	193,320,000	11.06%	193,320,000 *(Note)*	8.96% *(Note)*
Vendor	–	–	410,000,000	19.00%
Public Shareholders	814,680,000	46.60%	814,680,000	37.75%
Total	1,748,000,000	100.00%	2,158,000,000	100.00%

Note:

Immediately upon Completion and the allotment and issue of the Consideration Shares, Wong Shek Kwan will hold less than 10% of the enlarged issued share capital of the Company and, accordingly, will be regarded as a public Shareholder.

Completion of the Acquisition will not result in a change in control of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the requirements of reporting and announcement pursuant to Chapter 14 of the Listing Rules and the approval by the Shareholders under Chapter 14 of the Listing Rules.

To the best knowledge, belief and information of the Directors and having made all reasonable enquiries, none of the Shareholders and any of their respective close associates has any material interest in the Acquisition and is required to abstain from voting in respect of the ordinary resolution to approve the Acquisition and the transactions contemplated hereunder.

The Company will seek the Shareholders' approval at the EGM for the grant of the Specific Mandate to allot and issue the Consideration Shares.

SPECIFIC MANDATE

The Consideration Shares to be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

EGM

A notice convening the EGM will be held at 15th Floor, Admiralty Centre II, 18 Harcourt Road, Hong Kong on Thursday, 12 September 2019 at 11:00 a.m. as set out in pages EGM-1 to EGM-2 of this circular, for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy, in accordance with the instructions printed on it, to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 48 hours before the time fixed for holding the EGM (i.e. at or before 11:00 a.m. on Tuesday, 10 September 2019 (Hong Kong time) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude the Shareholders from attending, and voting at, the EGM or any adjournment thereof if the Shareholders so wish.

The Company will publish an announcement on the results of the EGM with respect to whether or not the proposed resolutions have been passed by the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of the Shareholders to attend and vote at the EGM (or at any adjournment thereof), the Company's register of members will be closed from Monday, 9 September 2019 to Thursday, 12 September 2019 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 6 September 2019.

RECOMMENDATION

The Directors consider that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions which will be proposed at the EGM for approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the allotment and issue of the Consideration Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to the Circular.

Yours faithfully,
By Order of the Board
Mayer Holdings Limited
Lee Kwok Leung
Chairman and Executive Director

1. FINANCIAL SUMMARY OF THE GROUP

Details of the audited consolidated financial statements of the Group for the years ended 31 December 2016, 2017 and 2018 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.mayer.com.hk/).

(i) The audited financial information of the Group for the year ended 31 December 2016 is disclosed in the annual report of the Company for the year ended 31 December 2016 published on 11 June 2018, from pages 29 to 88:

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0611/LTN20180611372.pdf

(ii) The audited financial information of the Group for the year ended 31 December 2017 is disclosed in the annual report of the Company for the year ended 31 December 2017 published on 20 June 2018, from pages 29 to 90:

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0620/LTN20180620197.pdf

(iii) The audited financial information of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019, from pages 43 to 188:

http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0429/LTN201904292698.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Group had the following liabilities:

	RMB'000
Unsecured:	
Borrowings	
– Loans from bank	40,000
– Other borrowings	2,175
Total borrowings	**42,175**

On 29 March 2012, writs of summons were issued by Capital Wealth Finance Company Limited and Capital Wealth Corporation Limited against the Company to claim the sum of HK$15,500,000 plus relevant legal costs incurred/to be incurred.

Save as disclosed above in the paragraph headed "Indebtedness Statement" in this appendix and apart from intra-group liabilities and normal trade payables in the ordinary course of the Group's business, as at the close of business on 30 June 2019, the Directors are not aware of the Enlarged Group having other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Acquisition, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT

While the trade talks between the PRC and the United States are making progress, the central government of the PRC is rolling out a series of economic policies to shore up support for the real economy, reinforce market opening and stimulate domestic consumption in 2019. In addition, the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area opened the door to new development in the Greater Bay Area. Situated at the heart of the Greater Bay Area, the Group and Guangzhou Mayer are poised to grasp this golden opportunity, keeping abreast of latest developments and foster their businesses.

As for carbon steel products, Guangzhou Mayer is located in close proximity to the largest steel market and automobile production base in Southern China. Such prime location is beneficial to the Company for exploring the domestic market and developing its automobile component business. Pursuing domestic customers conforms to the current national economic policy to enlarge domestic consumption. It also effectively offsets the loss of overseas customers due to the US-China trade war while mitigating the adverse impact brought by the sluggish electronic materials processing industry.

On the other hand, stainless steel pipes and tubes will enjoy enormous room for development with the increased efforts in the reconstruction and upgrade of municipal water supply systems, enhanced living standards and prevalence of the awareness of healthy water usage in the PRC. The municipal governments of Shenzhen, Shanghai, Hangzhou, Chongqing, Zhuhai, Zhongshan, Changsha, Hefei, Zhengzhou, Xiamen and so forth successively issued papers concerning the comprehensive promotion of the application of stainless steel pipes. Thanks to policy support, demand from the domestic market and prevalence of the awareness of healthy water usage, the adoption of stainless steel pipes for water supply pipelines will become a prevailing trend, resulting in rapid growth in the domestic demand for stainless steel pipes and components. "Mayer", the brand name of the Group's stainless steel pipes and components, is a prestigious brand in the PRC. As an industry leader, Guangzhou Mayer will have greater development opportunities along with the rapid growth of such market demand in the PRC.

The increasingly complicated economic environment and fierce market competition will expose the operations of the Group to various challenges. Nevertheless, the Group, especially the management of Guangzhou Mayer, will tackle such challenges by better utilising their resources, seizing business opportunities, strengthening existing businesses, exploring new businesses, identifying investment targets and pursuing new revenue streams and sources of profits. The management of the Group unanimously believes that by utilising extensive experience in project research, market analysis and grasping, product research, development and sales, customer development and services, production operation and cost control, the Group will be able to maintain and expand its customer base and market share, enhance the competitiveness and added value of its products, in order obtain the best economic benefits and maximise value for its investors.

The Board will keep focus on the existing business and allocating competent financial and non-financial resources to Guangzhou Mayer in order to secure steady growth and further benefits from the current market and industry trends. Nevertheless, the Board will explore potential investment opportunities in a cautious and conservative manner to improve the Group's performance, Shareholders' returns and stakeholders' benefits.

The following is the text of a report received from ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants, for the purpose of inclusion in this circular.

中汇 ZHONGHUI

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MAYER HOLDINGS LIMITED

Introduction

We report on the historical financial information of Happy (Hong Kong) New City Group Limited (the "Target Company") and its subsidiaries (the "Target Group") set out on pages II-5 to II-32, which comprises the combined statements of financial position of the Target Group as at 31 December 2017 and 2018 and 31 March 2019 and the statements of financial position of the Target Company as at 31 December 2018 and 31 March 2019, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity of the Target Group, the statement of changes in equity of the Target Company and the combined statements of cash flows of the Target Group for the period from 2 June 2017 (date of incorporation of Zhuhai Zhongle City Renewal Co., Limited) to 31 December 2017, the year ended 31 December 2018 and three months ended 31 March 2019 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 23 August 2019 (the "Circular") in connection with the proposed acquisition of 100% equity interest in the Target Company (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2017 and 2018 and 31 March 2019 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353
Hong Kong, 23 August 2019

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA (the "Underlying Financial Statements"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue	*8*	–	–	–	–
Staff costs		(36)	(173)	(47)	(534)
Other operating expenses		(25)	(308)	(84)	(173)
Loss from operations		(61)	(481)	(131)	(707)
Share of loss of an associate		–	(219)	(13)	(44)
Share of loss of a joint venture		–	(242)	–	–
Finance costs	*9*	(2)	(3)	–	–
Gain on disposal of a joint venture		–	–	–	242
Loss before tax		(63)	(945)	(144)	(509)
Income tax expense	*10*	–	–	–	–
Loss for the period/year	*11*	(63)	(945)	(144)	(509)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operation		–	530	–	(163)
Items that will not be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operation		–	5	–	(2)
		–	535	–	(165)
Total comprehensive losses for the period/year		(63)	(410)	(144)	(674)

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		At 31 March
		2017	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Interest in an associate	*16*	–	1,251	1,207
Interest in a joint venture	*17*	–	758	–
		–	2,009	1,207
Current assets				
Other receivables	*18*	9	2,149	3,426
Amount due from a director	*19*	–	6,209	6,037
Bank and cash balances		2	91	195
		11	8,449	9,658
Current liabilities				
Other payables	*20*	12	2,177	2,778
Net current (liabilities)/assets		(1)	6,272	6,880
Total assets less current liabilities		(1)	8,281	8,087
NET (LIABILITIES)/ASSETS		(1)	8,281	8,087
Capital and reserves				
Capital	*21*	62	7,884	8,364
Reserves		(63)	397	(277)
TOTAL EQUITY		(1)	8,281	8,087

STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2018	As at 31 March 2019
	RMB$'000	*RMB$'000*
Current assets		
Amount due from shareholder	69	61
Net current assets	69	61
NET ASSETS	69	61
Capital and reserves		
Capital	64	64
Reserves	5	(3)
Equity attributable to owners of the Company	69	61
Non-controlling interests	–	–
TOTAL EQUITY	69	61

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the Owners of the Target Company				
	Capital	Capital Reserve	Exchange Reserve	Accumulated losses	Total
	(Note 21)	*(Note 22)*			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Issue of capital	62	–	–	–	62
Total comprehensive loss for the period	–	–	–	(63)	(63)
Changes in equity for the year	62	–	–	(63)	(1)
As at 31 December 2017	62	–	–	(63)	(1)
As at 1 January 2018	62	–	–	(63)	(1)
Issue of capital	7,822	–	–	–	7,822
Deemed contribution from shareholder	–	870	–	–	870
Total comprehensive loss for the year	–	–	535	(945)	(410)
Changes in equity for the year	7,822	870	535	(945)	8,282
As at 31 December 2018	7,884	870	535	(1,008)	8,281
As at 1 January 2019	7,884	870	535	(1,008)	8,281
Issue of capital	480	–	–	–	480
Total comprehensive loss for the period	–	–	(165)	(509)	(674)
Changes in equity for the year	480	–	(165)	(509)	(194)
As at 31 March 2019	8,364	870	370	(1,517)	8,087
As at 1 January 2018 (Audited)	62	–	–	(63)	(1)
Issue of capital (Unaudited)	95	–	–	–	95
Total comprehensive income for the period (Unaudited)	–	–	–	(144)	(144)
Changes in equity for the period	95	–	–	(144)	(49)
As at 31 March 2018 (Unaudited)	157	–	–	(207)	(50)

STATEMENT OF CHANGES IN EQUITY

	Attributable to the Owners of the Target Company			
	Capital	**Exchange Reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issue of capital	64	–	–	64
Total comprehensive loss for the period	–	5	–	5
Changes in equity for the period	64	5	–	69
As at 31 December 2018	64	5	–	69
As at 1 January 2019	64	5	–	69
Total comprehensive loss and changes in equity for the period	–	(2)	(6)	(8)
As at 31 March 2019	64	3	(6)	61

COMBINED STATEMENTS OF CASH FLOWS

	Period from 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31 March 2018	Three-month ended 31 March 2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities				
Loss before tax	(63)	(945)	(144)	(509)
Adjustments for:				
Finance costs	2	3	–	–
Gain on disposal of a joint venture	–	–	–	(242)
Share of loss of an associate	–	219	13	44
Share of loss of a joint venture	–	242	–	–
Operating loss before working capital changes	(61)	(481)	(131)	(707)
Other receivables	(9)	(2,140)	6	(277)
Amount due from a director	–	–	–	7
Other payables	12	2,165	50	601
Net cash used in operating activities	(58)	(456)	(75)	(376)
Cash flows from investing activities				
Investment in an associate	–	(600)	–	–
Investment in a joint venture	–	(1,000)	–	–
Net cash used in investing activities	–	(1,600)	–	–
Cash flows from financing activities				
Issue of capital	62	2,140	95	480
Interest paid	(2)	(3)	–	–
Net cash generated from financing activities	60	2,137	95	480
Net increase in cash and cash equivalents	2	81	20	104
Cash and cash equivalents at the beginning of the period/year	–	2	2	91
Effect of changes in foreign exchange rate	–	8	–	–
Cash and cash equivalents at the end of the period/year	2	91	22	195
Analysis of cash and cash equivalents				
Bank and cash balances	2	91	–	195

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

The Target Company was incorporated as a limited liability company in the British Virgin Islands ("BVI") on 18 May 2018. The registered office of the Target Company is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

In the opinion of the sole director, Harbour Prestige International Limited, a company incorporated in the BVI is the ultimate holding company of the Target Company and Mr. Zhou Shi Hao is the ultimate controlling shareholder of the Target Company.

During the Relevant Period, the Target Group was engaged in city redevelopment in the People's Republic of China ("PRC") (the "Business").

Prior to the incorporation of the Target Company and completion of the reorganisation (as explain below), the Business was carried out through the domestic operating companies, incorporated in the PRC (the "Operating Companies"). Mr. Zhou Xi Wen (the close relative of Mr. Zhou Shi Hao) is the ultimate beneficial owner of the Operating Companies prior to the completion of the reorganisation. Mr. Zhou Xi Wen has no relationship with Mayer Holdings Limited and its connected persons. In preparation for the Acquisition (as detailed in the section "Definitions" in the Circular), the Target Group underwent a Reorganisation), pursuant to which the ultimate beneficial interests in the Operating Companies were transferred to the Target Company as described in steps 4 to 6 below. The Reorganisation involved the following major steps:

1. The Target Company was incorporated in the BVI on 18 May 2018 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On the same date, 10,000 fully-paid shares in the Target Company were allotted and issued.

2. Happy (Hong Kong) New City Group Limited (the "Hong Kong Company") was incorporated in Hong Kong on 20 April 2018. 7,000,000 fully-paid shares in the Hong Kong Company was transferred to the Target Company on 18 May 2018 and the Hong Kong Company is wholly and beneficially owned by the Target Company.

3. Zhuhai Zhongle Huafeng Development Co., Limited (the "PRC Company") was incorporated in the PRC on 24 May 2018 with registered capital of RMB30,000,000. The PRC Company is wholly and beneficially owned by Hong Kong Company.

4. 100% equity interest in Zhuhai Mingjishi Real Estate Consultant Co., Limited ("Mingjishi") were transferred to Zhuhai Zhongle City Renewal Co., Limited ("Zhongle City Renewal") on 18 December 2018 at cash consideration of RMB605,000 based on the actual paid-in capital.

5. On 5 June 2019, 100% equity interest in Zhongle City Renewal was transferred to the PRC Company at cash consideration of RMB3,777,000 based on the actual paid-in capital.

6. 29% equity interest in Zhuhai Hau Fa Yue Tang Property Development Limited (the "Project Company") will be transferred to Zhongle City Renewal before the Completion. The consideration of the transfer has not yet determined as at the date of this accountants' report.

Upon the completion of the Reorganisation, the Target Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of subsidiaries	Place and date of incorporation/ registration and operation	Issued and paid up/ registered capital	Percentage of equity and voting power attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Hong Kong Company	Hong Kong	HKD7,000,000	100%	–	Investment holding
PRC Company	the PRC	RMB10,000/ RMB30,000,000	–	100%	Investment holding
Zhongle City Renewal	the PRC	RMB2,672,000/ RMB10,000,000	–	100%	Investment holding
Mingjishe	the PRC	RMB605,000/ RMB10,000,000	–	100%	Investment holding

2. Basis of Preparation and Presentation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Pursuant to the Reorganisation and for the purpose of rationalising the Target Group's structure, the Target Company became the holding company of the subsidiaries and an associate now comprising the Target Group immediately after the Reorganisation. The Target Company has not been involved in any other business prior to the Reorganisation and its operations do not meet the definition of business. The Reorganisation is merely a reorganisation of the Business and does not result in any changes in business substance. Accordingly, the Historical Financial Information of the companies now comprising the Target Group is presented using the carrying value of the Business for all periods presented.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of combination.

Among the companies comprising the Target Group, Zhongla City Renewal was the first company established during the Relevant Period. Therefore, the date of incorporation of Zhongla City Renewal is taken as starting date of the accountants' report.

The combined statements of profit or loss and other comprehensive income and the combined statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the companies now comprising the Target Group as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever was shorter.

The combined statements of financial position of the Target Group as at 31 December 2017 and 2018 have been prepared to present the state of the affairs of the Target Group as if the current group structure had been in existence as at the respective dates.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

During the Relevant Periods, the Target Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2019.

The Target Group has not early applied the new HKFRSs that have been issued but are not yet effective. The director anticipate that the new and revised HKFRSs will be adopted in the Historical Financial Information when they become effective.

Amendment to HKFRS 3	Definition of a Business[1]
Amendment to HKAS 1 and 8	Definition of Material[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *No mandatory effective date is determined but is available for early adoption*

The Target Group has already commenced an assessment of the impact of these new and revised HKFRSs. The director of the Target Company anticipate that the application of new and revised HKFRSs will have no material impact on the result and the financial position of the Target Group.

4. Significant Accounting Policies

The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Renminbi ("RMB"), which is the presentation currency of the Target Group. The functional currency of the Target Company is Hong Kong dollar.

ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

iii) Translation on consolidation

The results and financial position of all the Target Group entities that have a functional currency different from the Target Group's presentation currency are translated into the Target Group's presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(c) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(b) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(c) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Target Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(d) Loss allowances for expected credit losses

Impairment under expected credit loss model

The Target Group recognises loss allowances for expected credit losses on financial assets at amortised cost.

Expected credit losses are the weighted average of credit losses with the respective risk of a default occurring as the weights.

At the end of each reporting period, the Target Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for other receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than other receivables) has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

(f) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(g) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(i) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Target Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

(j) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in an associate and an joint venture, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

(k) Related parties

A related party is a person or entity that is related to the Target Group.

A) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

B) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

(l) Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(n) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. Key Estimates

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss for interest in an associate

The interest in an associate is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the interests in an associate exceeds their recoverable amounts. The recoverable amounts are determined with reference to the higher of value in use and fair value less costs of disposal. Where the recoverable amounts are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of recoverable amounts, a material impairment loss may arise.

6. Financial Risk Management

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

a) Foreign currency risk

The Target Group has minimal exposure to currency risk as most of its transactions, assets and liabilities are denominated in the functional currency of the entity to which they are related. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

b) Credit risk

The carrying amount of the cash and bank balances and other receivables included in the combined statement of financial position represents the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The amount due from related company is closely monitored by the sole director.

The Target Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

– actual or expected significant changes in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Target Group. The Target Group normally categorises a receivable for write off when the Target Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flow to repay the amounts subject to write-off.

c) Interest rate risk

The Target Group's exposure to interest-rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition.

In view of the Target Group's bank balances are short term in nature and the current market interest rate is low, the exposure of interest rate risk is immaterial.

d) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group's financial liabilities is as follows:

	Carrying amounts	**Within 1 year or on demand**
	RMB'000	*RMB'000*
As at 31 December 2017		
Other payables	12	12
As at 31 December 2018		
Other payables	2,177	2,177
As at 31 March 2019		
Other payables	2,778	2,778

e) Categories of financial instruments

	At 31 December		**At 31 March**
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost (including cash and cash equivalent)	11	8,449	9,658
Financial liabilities			
Financial liabilities at amortised cost	12	2,177	2,778

f) Fair value

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the combined statements of financial position approximate their respective fair values.

7. Segment reporting

Reportable segments

The Target Group operated only in one business segment, being the engagement in city redevelopment in the PRC during the Relevant Period. Accordingly, no further disclosures by reportable segment based on business segment are made.

8. Revenue

No transactions were concluded to generate any revenue during the Relevant Periods.

9. Finance costs

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank charges	2	3	–	–

10. Income tax expense

No provision for Hong Kong Profits Tax has been made as the Target Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

The PRC Corporate Income Tax has been provided at the rate of 25% for the Relevant Periods on the estimated assessable profit for that periods.

The reconciliation between the income tax expense and the loss before tax is as follows:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before tax	(63)	(945)	(144)	(509)
Tax at the income tax rate of 25%	(16)	(236)	(36)	(127)
Tax effect of tax losses not recognised	16	236	36	127
Income tax expenses	–	–	–	–

11. Loss for the period/year

The Target Group's loss for the period/year during the Relevant Periods is stated after charging the following:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Director's emoluments				
– As director	–	–	–	–
– For management	–	–	–	20
	–	–	–	20
Staff costs:				
Salaries, bonus and allowances	36	150	42	508
Retirement benefits scheme contributions	–	23	5	6
	36	173	47	514

12. Directors' emoluments and highest paid individual emoluments

(a) Director's emoluments

The emolument of sole director was as follows:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances and other benefits in kind	–	–	–	20

(b) Highest paid individual emoluments

For each of the period from 2 June 2017 to 31 December 2017, the year ended 31 December 2018 and three-month ended 31 March 2019, the emoluments of the highest paid individuals included nil, nil and one director, whose emolument is reflected in the analysis above. The emoluments of the remaining three, four and four individuals are set out below:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances and other benefits in kind	36	150	42	176
Contributions to pension scheme	–	23	5	–
	36	173	47	176

Their emoluments fell within the following bands:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018 (Unaudited)	Three-month ended 31.3.2019
Nil to HK$1,000,000	3	4	3	4

13. Retirement benefit schemes

The employees of the Target Group's entities established in the PRC are members of a central pension scheme operated by the local municipal government. These entities are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these entities. The only obligation of these entities with respect to the central pension scheme is to meet the required contributions under the scheme.

14. Loss per share

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

15. Dividends

No dividend was paid or declared by the Target Company since its incorporation, or by other group entities during the Relevant Periods.

16. Interest in an associate

	As at 31 December		At 31 March
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments outside Hong Kong			
Share of net assets	–	1,251	1,207

The following table shows information of an associate that is material to the Target Group. This associate is accounted for in the Historical Financial Information using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

Name	Zhuhai Hau Fa Yue Tang Property Development Limited
Principal place of business/incorporation	PRC
Principal activities	Land redevelopment

	31.12.2017	31.12.2018	31.3.2019
% of ownership interests held by the Target Group	N/A	49%	49%
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	–	375	340
Current assets	–	2,485	2,414
Current liabilities	–	194	206
Non-current liabilities	–	113	85
Net Assets	–	2,553	2,463
Target Group's share of net assets	–	1,251	1,207

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	–	–	–	–
Loss from continuing operations	–	447	27	90
Other comprehensive income	–	–	–	–
Total comprehensive loss	–	447	27	90
Dividends received from associates	–	–	–	–

17. Interest in a joint venture

	As at 31 December		At 31 March
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments outside Hong Kong			
Share of net assets	–	758	–

The following table shows information of a joint venture that is material to the Target Group. This joint venture is accounted for in the Historical Financial Information using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint venture.

Name	Zhuhai Zhongfu City Renewal Co., Limited		
Principal place of business/incorporation	the PRC		
Principal activities	Inactive		
	31.12.2017	**31.12.2018**	**31.3.2019**
% of ownership interests held by the Target Group	N/A	50%	N/A
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	–	–	–
Current assets	–	1,516	–
Current liabilities	–	–	–
Non-current liabilities	–	–	–
Net Assets	–	1,516	–
Target Group's share of net assets	–	758	–

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	–	–	–	–
Loss from continuing operations	–	484	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	–	484	–	–
Dividends received from associates	–	–	–	–

On 13 February 2019, the Target Group disposed of the 50% equity interest in a joint venture to a related company at cash consideration of RMB1,000,000.

18. Other receivables

	As at 31 December		At 31 March
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Other receivables	9	649	926
Amount due from a related company	–	1,500	2,500
Other receivables	9	2,149	3,426

Amount due from a related company is interest free, unsecured and has no fixed term of repayment.

19. Amount due from a director

Amounts due from directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

	Balance at 1.1.2018	Balance at 31.12.2018	Maximum balance outstanding	Balance at 1.1.2019	Balance at 31.3.2019	Maximum balance outstanding
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. ZHOU Shi Hao	–	6,209	6,209	6,209	6,037	6,209

Amount due from a director is interest free, unsecured and has no fixed term of repayment.

20. Other payables

	As at 31 December		At 31 March
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Accruals	12	12	442
Amount due to a related company	–	1,500	1,500
Other payables	–	665	836
	12	2,177	2,778

Amount due to a related company is interest free, unsecured and has no fixed term of repayment.

21. Share capital

The Target Group

For the purpose of combined financial statements, the share capital of the Target Group represents the combination of the share capital of companies comprising the Target Group. The capital of the Target Group as at 31 December 2017 and 2018 and 31 March 2019 are as followings:

	As at 31 December		At 31 March
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Zhongle City Renewal	62	2,202	2,672
Hong Kong Company	–	5,618	5,618
Target Company	–	64	64
PRC Company	–	–	10
	62	7,884	8,364

During the period from 2 June 2017 to 31 December 2017, year ended 31 December 2018 and three-month ended 31 March 2019, Zhongle City Renewal issued capital of approximately RMB62,000, RMB2,140,000 and RMB470,000, respectively, for cash.

On 20 April 2018, Hong Kong Company issued 7,000,000 ordinary shares for HK$7,000,000 (approximately RMB5,618,000) for cash.

On 18 May 2018, Target Company issued 10,000 ordinary shares for USD10,000 (approximately RMB64,000) for cash.

On 19 March 2019, PRC Company issued capital of approximately RMB10,000 for cash.

22. Reserves

The Target Group

Capital Reserve

Capital reserves of the Target Group represents the deemed contribution by the ultimate holding company for 29% of the equity interest in the Project Company after the Reorganisation has taken place. The amount of RMB870,000 represents 29% equity interest of paid in capital of the Project Company since the consideration of the transfer has not yet determined as at the date of this accountant's report.

23. Major non-cash transactions

During the year ended 31 December 2018, the amount of approximately of RMB5,682,000 in relation to issue of capital was included in amounts due from a director as at 31 December 2018.

24. Related party transactions

Save as disclosed elsewhere in the combined financial statements, the Target Group has entered into the following transaction with related parties:

	From 2.6.2017 to 31.12.2017	Year ended 31.12.2018	Three-month ended 31.3.2018	31.3.2019
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Compensation of key management personnel				
Short-term benefit	–	–	–	20

25. Contingent liabilities

The Target Company and Target Group did not have any significant contingent liabilities at each of the end of reporting period.

26. Subsequent financial statements

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 March 2019.

The following is the text of a report received from ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants, for the purpose of inclusion in this circular.

中汇
ZHONGHUI

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MAYER HOLDINGS LIMITED

Introduction

We report on the historical financial information of Zhuhai Hau Fa Yue Tang Property Development Limited (the ''Project Company'') set out on pages III-5 to III-25, which comprises the statements of financial position of the Project Company as at 31 December 2018 and 31 March 2019 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Project Company for the period from 24 January 2018 (date of incorporation) to 31 December 2018 and three months ended 31 March 2019 (the ''Relevant Periods'') and a summary of significant accounting policies and other explanatory information (together, the ''Historical Financial Information''). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 23 August 2019 (the ''Circular'') in connection with the proposed acquisition of 100% equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Project Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Project Company's financial position as at 31 December 2018 and 31 March 2019 and of the Project Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Project Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Project Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353
Hong Kong, 23 August 2019

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the financial statements of the Project Company for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA (the "Underlying Financial Statements"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 28.1.2018 to 31.12.2018	Three-month ended 31.3.2018	Three-month ended 31.3.2019
		RMB'000	*RMB'000*	*RMB'000*
			(Unaudited)	
Revenue	*8*	–	–	–
Bank interest income		4	–	1
Other operating expenses		(441)	(25)	(89)
Loss from operations		(437)	(25)	(88)
Finance costs	*9*	(10)	(2)	(2)
Loss before tax		(447)	(27)	(90)
Income tax expense	*10*	–	–	–
Loss for the period/year and total comprehensive loss for the period/year		(447)	(27)	(90)

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2018 *RMB'000*	31 March 2019 *RMB'000*
Non-current assets			
Property, plant and equipment	*16*	171	162
Right-of-use assets	*17*	204	178
		375	340
Current assets			
Property under development	*18*	240	240
Other receivables		45	46
Bank and cash balances		2,200	2,128
		2,485	2,414
Current liabilities			
Lease liabilities	*19*	194	206
Net current assets		2,291	2,208
Total assets less current liabilities		2,666	2,548
Non-current assets			
Lease liabilities	*19*	113	85
NET ASSETS		2,553	2,463
Capital and reserves			
Capital	*20*	3,000	3,000
Reserves		(447)	(537)
TOTAL EQUITY		2,553	2,463

STATEMENT OF CHANGES IN EQUITY

	Capital *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Issue of capital	3,000	–	3,000
Total comprehensive loss for the period	–	(447)	(447)
As at 31 December 2018	3,000	(447)	2,553
As at 1 January 2019	3,000	(447)	2,553
Total comprehensive loss for the period	–	(90)	(90)
As at 31 March 2019	3,000	(537)	2,463
Total comprehensive loss for the period (unaudited)	–	(27)	(27)
As at 31 March 2018 (unaudited)	–	(27)	(27)

STATEMENTS OF CASH FLOWS

	Year ended 31.12.2018 RMB'000	Three-month ended 31 March 2018 RMB'000 (Unaudited)	2019 RMB'000
Cash flows from operating activities			
Loss before tax	(447)	(27)	(90)
Adjustments for:			
Interest income	(4)	–	(1)
Finance costs	10	2	2
Depreciation	107	25	34
Operating loss before working capital changes	(334)	–	(55)
Changes in property under development	(240)	–	–
Changes in other receivables	(45)	–	(1)
Net cash used in operating activities	(619)	–	(56)
Cash flows from investing activities			
Interest received	4	–	1
Acquisition of property, plant and equipment	(176)	–	–
Net cash (used in)/generated from investing activities	(172)	–	1
Cash flows from financing activities			
Issue of capital	3,000	–	–
Repayment of lease liabilities	(9)	–	(17)
Net cash generated from/(used in) financing activities	2,991	–	(17)
Net increase/(decrease) in cash and cash equivalents	2,200	–	(72)
Cash and cash equivalents at the beginning of the period/year	–	–	2,200
Cash and cash equivalents at the end of the period/year	2,200	–	2,128
Analysis of cash and cash equivalents			
Bank and cash balances	2,200	–	2,128

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

The Project Company was incorporated as a limited liability company in the People's Republic of China ("PRC") on 24 January 2018. The registered office of the Project Company is located at No. 19 Shop No. 2, Yuetang West Street 1, Sanzao Town, Zhuhai Jinwan District.

During the Relevant Period, the Project Company was engaged in city redevelopment in the PRC.

2. Basis of preparation and presentation of historical financial information

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. Adoption of new and revised hong kong financial reporting standards

During the Relevant Periods, the Project Company has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2019.

The Project Company has not early applied the new HKFRSs that have been issued but are not yet effective. The director anticipate that the new and revised HKFRSs will be adopted in the Historical Financial Information when they become effective.

Amendment to HKFRS 3	Definition of a Business[1]
Amendment to HKAS 1 and 8	Definition of Material[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *No mandatory effective date is determined but is available for early adoption*

The Project Company has already commenced an assessment of the impact of these new and revised HKFRSs. The director of the Project Company anticipate that the application of new and revised HKFRSs will have no material impact on the result and the financial position of the Project Company.

4. Significant accounting policies

The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the Project Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Renminbi ("RMB"), which is the functional and presentation currency of the Project Company.

ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Project Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Furniture and fixtures	20%
Leasehold improvement	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(c) Properties for sale under development

Properties under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Project Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Project Company transfers substantially all the risks and rewards of ownership of the assets; or the Project Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(e) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Project Company are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(f) Loss allowances for expected credit losses

Impairment under expected credit loss model

The Project Company recognises loss allowances for expected credit losses on financial assets at amortised cost and contract assets.

At the end of each reporting period, the Project Company measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade and other receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Project Company measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Project Company's cash management are also included as a component of cash and cash equivalents.

(h) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Project Company after deducting all of its liabilities. The accounting policies adopted for equity instruments are set out below.

(i) Equity instruments

Equity instruments issued by the Project Company are recorded at the proceeds received, net of direct issue costs.

(j) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Project Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Project Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Project Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Project Company can no longer withdraw the offer of those benefits and when the Project Company recognises restructuring costs and involves the payment of termination benefits.

(k) Lease

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate is 33.33%.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Project Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

(l) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Project Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Project Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Project Company intends to settle its current tax assets and liabilities on a net basis.

(m) Related parties

A related party is a person or entity that is related to the Project Company.

A) A person or a close member of that person's family is related to the Project Company if that person:

(i) has control or joint control over the Project Company;

(ii) has significant influence over the Project Company; or

(iii) is a member of the key management personnel of the Project Company or of a parent of the Project Company.

B) An entity is related to the Project Company if any of the following conditions applies:

(i) The entity and the Project Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Project Company or an entity related to the Project Company. If the Project Company is itself such a plan, the sponsoring employers are also related to the Project Company.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Project Company or to a parent of the Project Company.

(n) Impairment of assets

At the end of each reporting period, the Project Company reviews the carrying amounts of its assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Project Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Project Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(p) Events after the reporting period

Events after the reporting period that provide additional information about the Project Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. Key estimates

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation

The Project Company determines the estimated useful lives, residual values and related depreciation charges for the Project Company's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Project Company will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

6. Financial risk management

The Project Company's activities expose it to a variety of financial risks: credit risk and interest rate risk. The Project Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Project Company's financial performance.

a) Credit risk

The carrying amount of the cash and bank balances and other receivables included in the statements of financial position represents the Project Company's maximum exposure to credit risk in relation to the Project Company's financial assets.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

b) Interest rate risk

The Project Company's exposure to interest-rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition.

In view of the Project Company's bank balances are short term in nature and the current market interest rate is low, the exposure of interest rate risk is immaterial.

c) Liquidity risk

The Project Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

d) Categories of financial instruments

	At 31 December 2018	**At 31 March 2019**
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost (including cash and cash equivalent)	2,245	2,174

e) Fair value

The carrying amounts of the Project Company's financial assets as reflected in the statements of financial position approximate their respective fair values.

7. Segment reporting

Reportable segments

The Project Company operated only in one business segment, being the engagement in city redevelopment in the PRC during the Relevant Period. Accordingly, no further disclosures by reportable segment based on business segment are made.

8. Revenue

No transactions were concluded to generate any revenue during the Relevant Periods.

9. Finance costs

	Year ended	**Three-month ended**	
	31.12.2018	**31.3.2018**	**31.3.2019**
	RMB'000	*RMB'000*	*RMB'000*
		(Unaudited)	
Lease interests	10	2	2

10. Income tax expense

The PRC Corporate Income Tax has been provided at the rate of 25% for the Relevant Periods on the estimated assessable profit for that periods.

The reconciliation between the income tax expense and the loss before tax is as follows:

	Year ended 31.12.2018 *RMB'000*	Three-month ended 31.3.2018 *RMB'000* (Unaudited)	Three-month ended 31.3.2019 *RMB'000*
Loss before tax	(447)	(27)	(90)
Tax at the income tax rate of 25%	(112)	(7)	(23)
Tax effect of tax losses not recognised	112	7	23
Income tax expenses	–	–	–

11. Loss for the period

The Project Company's loss for the Relevant Periods is stated after charging the following:

	From 24.1.2018 to 31.12.2018 *RMB'000* (Unaudited)	Three-month ended 31.3.2018 *RMB'000*	Three-month ended 31.3.2019 *RMB'000*
Director's emoluments			
– As director	–	–	–
– For management	–	–	–
	–	–	–
Depreciation of property, plant and equipment	5	–	9
Depreciation of right-of-use assets	103	25	25
Staff costs:			
Salaries, bonus and allowances	68	–	12
Retirement benefits scheme contributions	–	–	–
	68	–	12

12. Directors' emoluments and highest paid individual emoluments

(a) Director's emoluments

During the Relevant Periods, the directors of the Project Company did not receive any fee or other emoluments in respect of their services provided to the Project Company. In addition, no emoluments paid or payable by the Project Company were waived and no emoluments were paid by the Project Company to the directors as an inducement to join or upon joining the Project Company or as compensation for loss of office during the Relevant Periods.

(b) Highest paid individual emoluments

For each of the period from 24 January 2018 to 31 December 2018 and three-month ended 31 March 2019, the emoluments of the highest paid individual is set out below:

	From 24.1.2018 to 31.12.2018	**Three-month ended 31.3.2018**	**Three-month ended 31.3.2019**
	RMB'000	*RMB'000*	*RMB'000*
		(Unaudited)	
Salaries, allowances and other benefits in kind	68	–	12
Contributions to pension scheme	–	–	–
	68	–	12

Their emoluments fell within the following bands:

	From 24.1.2018 to 31.12.2018	**Three-month ended 31.3.2018**	**Three-month ended 31.3.2019**
		(Unaudited)	
Nil to HK$1,000,000	1	–	1

13. Retirement benefit schemes

The employees of the Project Company's entities established in the PRC are members of a central pension scheme operated by the local municipal government. These entities are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these entities. The only obligation of these entities with respect to the central pension scheme is to meet the required contributions under the scheme.

14. Loss per share

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

15. Dividends

No dividend was paid or declared by the Project Company since its incorporation.

16. Property, plant and equipment

	Leasehold improvement *RMB'000*	**Furniture and fixture** *RMB'000*	**Total** *RMB'000*
At Cost			
Additions	47	129	176
At 31 December 2018, 1 January 2019 and 31 March 2019	47	129	176
Accumulated depreciation			
Charged for the period	1	4	5
At 31 December 2018 and 1 January 2019	1	4	5
Charged for the period	3	6	9
At 31 March 2019	4	10	14
Carrying amount			
At 31 December 2018	46	125	171
At 31 March 2019	43	119	162

17. Right-of-use assets

Disclosures of lease-related items:

	31 December 2018 *RMB'000*	31 March 2019 *RMB'000*
Land and buildings	204	178

The maturity analysis, based on undiscounted cash flow of the Project Company's lease liabilities is as follows:

	31 December 2018 *RMB'000*	31 March 2019 *RMB'000*
Less than 1 year	209	220
Between 1 and 2 years	116	87
	325	307

	Period from 28.1.2018 to 31.12.2018	Three-month ended	
		31.3.2018	31.3.2019
	RMB'000	*RMB'000* (Unaudited)	*RMB'000*
Depreciation of right-of-use assets	102	25	25
Lease interest	10	2	2
Total cash outflow for lease	9	–	17

The Project Company leases land and buildings for its office premises. Lease agreement is made for fixed period of three years. The lease agreement does not impose any covenants and the leased assets may not be used as security for borrowing purposes.

18. Properties under development

The carrying amount of properties under development for sale expected to be recovered after more than twelve months from 31 December 2018 and 31 March 2019 amounted to approximately RMB240,000.

19. Lease liabilities

	31 December 2018 *RMB'000*	31 March 2019 *RMB'000*	31 December 2018 *RMB'000*	31 March 2019 *RMB'000*
Within one year	209	220	194	206
In second to fifth years, inclusive	116	87	113	85
	325	307		
Less: Future finance charge	(18)	(16)		
Present value fo lease liabilities	307	291	307	291
Less: Amount due for settlement within 12 months (shown under current liabilities)			(194)	(206)
Amount due for settlement after 12 months			113	85

20. Share capital

On 28 May 2018, the Project Company issued capital of RMB3,000,000 for cash.

21. Contingent liabilities

The Project Company did not have any significant contingent liabilities at each of the end of reporting period.

22. Subsequent financial statements

No audited financial statements have been prepared by the Project Company in respect of any period subsequent to 31 March 2019.

Set out below is the management discussion and analysis of the Target Group which should be read in conjunction with the accountants' report of the Target Group as set out in Appendix II and III to this circular respectively.

BACKGROUND

Set out below is the management discussion and analysis of the Target Group and the Project Company. As at the Latest Practicable Date, the Target Group comprised (i) the Target Company; (ii) the Hong Kong Company; (iii) the PRC Company; (iv) Zhongle City Renewal; (v) Mingjishi; and (vi) the Project Company. The following financial information is based on the financial information of the Target Group as set out in Appendix II to this circular.

MANAGEMENT DISCUSSION AND ANALYSIS ON TARGET GROUP

(1) General information

The Target Company is an investment holding company incorporated in the BVI with limited liability, which holds the entire equity interest in certain other subsidiaries, including the Hong Kong Company, the PRC Company, Zhongle City Renewal and Mingjishi.

In relation to the redevelopment project of Yuetang Village, the Property Developer, Mingjishi and Zhongle Investment entered into the Joint Venture Agreement to form the Project Company, pursuant to which the Property Developer, Mingjishi and Zhongle Investment hold 51%, 20% and 29% equity interest in the Project Company respectively.

As at the Latest Practicable Date, Mingjishi directly holds 20% equity interest in the Project Company and, upon completion of the Reorganisation, Zhongle Investment will transfer its 29% equity interest in the Project Company to Zhongle City Renewal resulting in the Target Group holding, in aggregate, 49% equity interest in the Project Company.

The Project Company entered into the Co-operation Agreement with Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）in June 2018 in relation to the redevelopment project of Yuetang Village in particular, among others, the urban planning and consulting, and organising and preparing the demolition and resettlement compensation plan. The Project Company has been confirmed by the government authority of Sanzao Town as the preliminary work co-operation entity for the Yuetang Village redevelopment project.

At as the Latest Practicable Date, the Projects Interests Assignment is completed and all responsibilities, rights, interests and risks in the four redevelopment projects were transferred by Zhongle City Renewal to an Independent Third Party. The completion of the Projects Interests Assignment has no financial impact on the Target Group.

(2) Business and financial review

Combined statements of profit or loss

Set out below is the combined statements of profit or loss of the Target Group for the periods from 2 June 2017 (date of incorporation of Zhuhai Zhongle City Renewal Co., Limited) to 31 December 2017, year ended 31 December 2018 and from 1 January 2019 to 31 March 2019 (the "**Relevant Period**") as extracted from the accountants' report as set out in Appendix II to this circular.

	For the period from 2 June 2017 (date of incorporation) to 31 December 2017	Year ended 31 December 2018	For three months ended 31 March 2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	–
Loss before tax	(63)	(945)	(509)
Loss and total comprehensive income for the period	(63)	(410)	(674)

Combined statements of financial position

Set out below is the combined statements of financial position of the Target Group as at 31 December 2017, 31 December 2018 and 31 March 2019 as extracted from the accountants' report as set out in Appendix II to this circular.

	As at 31 December 2017	As at 31 December 2018	As at 31 March 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	–	2,009	1,207
Current assets	11	8,449	9,658
Current liabilities	12	2,177	2,778
Net (liabilities)/assets	(1)	8,281	8,087

The Target Group recorded nil revenue for the period from 2 June 2017 to 31 December 2017, for the year ended 31 December 2018 and for the three months ended 31 March 2019.

The Target Group recorded net loss of approximately RMB63,000 and RMB 945,000 for the period from 2 June 2017 to 31 December 2017 and for the year ended 31 December 2018, respectively. The increase in loss was mainly due to the increase in staff cost and other operating expenses, and the share of loss of an associate and a joint venture. For the three months ended 31 March 2019, the Target Group record net loss of approximately RMB509,000, which was increased from the unaudited net loss of RMB144,000 in the corresponding period of previous year. It was mainly due to the increase in staff cost during the period.

As at 31 December 2017, 31 December 2018 and 31 March 2019, the non-current assets of the Target Group of approximately RMBnil, RMB2,009,000 and RMB1,207,000, comprised of interest in an associate of approximately RMBnil, RMB1,251,000 and RMB1,207,000 and interest in a joint venture of approximately RMBnil, RMB758,000 and RMBnil, respectively. The current assets of the Target Group as at 31 December 2017, 31 December 2018 and 31 March 2019 of approximately RMB11,000, RMB8,449,000 and RMB9,658,000 comprised of, among other things, other receivable of approximately RMB9,000, RMB2,149,000 and RMB3,426,000, amount due from a director of RMBnil, RMB6,209,000 and RMB6,037,000 and bank and cash balance of approximately RMB2,000, RMB91,000 and RMB195,000, respectively. The current liabilities of the Target Group amounted to approximately RMB12,000, RMB2,117,000 and RMB2,778,000 as at 31 December 2017, 31 December 2018 and 31March 2019 comprised of other payables only.

The Target Group recorded net asset value of approximately RMB1,000, RMB8,281,000 and RMB8,087,000 as at 31 December 2017, 31 December 2018 and 31 March 2019, respectively.

Segment information

The Target Group operated only in one business segment, being the engagement in urban redevelopment in the PRC during the Relevant Period.

Contingent liabilities

As at 31 December 2017, 2018 and 31 March 2019, the Target Group did not have any significant contingent liabilities.

Charges on assets

As at 31 December 2017, 2018 and 31 March 2019, the Target Group did not have any charges on its assets.

Capital commitments

As at 31 December 2017, 2018 and 31 March 2019, the Target Group did not have any capital commitments.

Foreign exchange rate risks

The Target Group principally operates in the PRC and most of their transactions are denominated and settled in RMB. In this respect, there is no significant currency mismatch in their operational cashflows and the Target Group are not exposed to any significant foreign currency exchange risk in its operations. The Target Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities during the Relevant Period.

Employee and remuneration policies

As at 31 December 2017, 31 December 2018 and 31 March 2019, the Target Group employed 3, 4 and 42 permanent staffs in the PRC. Staff costs for the year ended 31 December 2017, 31 December 2018 and for three months ended 31 March 2019 were approximately RMB36,000, RMB173,000 and RMB514,000.

The Target Group reviews staff remuneration once a year, or as its management consider appropriate. Employee remuneration was determined by reference to market terms and the performance, qualification and experience of individual employee.

The management of the Target Group will, from time to time, review the sufficiency of human resources of the Target Group in order to ensure its continuing operation.

Material acquisition or disposal of subsidiaries and affiliated companies

Other than the disposal of a joint venture, there have been no other material acquisitions or disposals of subsidiaries and affiliated companies of the Target Group during the Relevant Period.

Significant investments

Other than the investments in an associate and a joint venture, there were no material financial investments held by the Target Group during the Relevant Period.

Gearing Ratio

As at 31 December 2017, 31 December 2018 and 31 March 2019, the gearing ratio, representing the borrowing as a percentage of equity, of the Target Group was nil, nil and nil.

Liquidity, financial resources and capital structure

The Target Group recorded cash outflow for the period from 2 June 2017 to 31 December 2017, year ended 31 December 2018, and three months ended 31 March 2019. It mainly financed its operation from capital injected by the shareholders.

As at 31 December 2017, 31 December 2018 and 31 March 2019, the Target Group had bank and cash balances of approximately RMB2,000, RMB91,000 and RMB195,000, respectively.

The current ratio of the Target Group, represented by current assets as a percentage of current liabilities, amounted to 0.9 times, 3.9 times and 3.5 times as at 31 December 2017, 31 December 2018 and 31 March 2019, respectively. The increase in current ratio for the year ended 31 December 2018 mainly due to the increase in amount due from a director.

Future plans for material investments and capital assets

As at the Latest Practicable Date, the Target Group did not have any future plans for material investments and capital assets.

Future prospect of the Target Group

At the Fifth Session of the 12th National People's Congress held on 5 March 2017, Premier Li Keqiang proposed an "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area", in order to redevelop the region into a logistical, innovation and economic hub to rival regions such as Silicon Valley and the Tokyo Bay Area. Part of the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" included promoting urban renewal, renovating urban villages, merging small villages, and overall improving urban and rural living environments.

Located within the Pearl River Delta, Zhuhai is a key city of the Greater Bay Area and the Outline Development Plan. With the completion of the Zhuhai-Hong Kong-Macau Bridge and the construction of the Shenzhen-China Passage, Zhuhai is expected to experience a huge influx of people, logistics, information and capital further establishing its status as a regional logistical and economic hub. According to the "Zhuhai City Conceptual Space Development Plan (2010-2060)", the population of Zhuhai is forecasted to increase from 1.62 million to 6.5 million.

Zhuhai's six leading industries and real estate experienced significant growth rates of approximately 10.7% and 13.6% in 2018, far outpacing the overall growth rate of the PRC. With further planned investments, developments and projects, Zhuhai is expected to continue to experience growth that outpaces the PRC.

Zhuhai has already started implementing and financing urban renewal with the establishment of the first provincial Three Old – Old Town, Old Factory, Old Village redevelopment association in the PRC, which Zhongle City Renewal is currently a member of. The Target Group's key partners are all industry leading real estate developers in the PRC and the Project Company is currently cooperating with the Property Developer in the redevelopment of Yuetang Village, Sanzhao Town, Jinwan District, Zhuhai. With a total land area of approximately 187,809 square meters, the redevelopment project has already been agreed by all relevant government authorise for the preliminary work and is expected to create new and increase existing local employment and economic development opportunities for the region and the Target Group to capitalise on.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountant.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Statement") has been prepared to illustrate the effect of the proposed acquisition of 100% equity interest of the Target Company (the "Acquisition"), assuming the transaction had been completed as at 31 December 2018 that might have affected the financial position of the Enlarged Group.

The Statement is prepared based on (i) the consolidated statement of financial position of the Group as at 31 December 2018 as extracted from the annual report of the Group for the year ended 31 December 2018; and (ii) the audited combined statement of financial position as at 31 March 2019 as extracted from accountants' report set out in Appendix II to this circular, after making certain pro forma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition actually occurred on 31 December 2018. Furthermore, the Statement does not purport to predict the Enlarged Group's future financial position.

The Statement should be read in conjunction with other financial information included elsewhere in the Circular.

Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 31 December 2018	Target Group as at 31 March 2019	Pro forma adjustment	Pro forma adjustment	Unaudited Pro forma total for the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)			
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Non-current assets					
Property, plant and equipment	30,024	–			30,024
Prepaid land lease payments	5,752	–			5,752
Interest in an associate	–	1,207	222,098		223,305
Interest in joint ventures	–	–			–
	35,776	1,262			259,081
Current assets					
Inventories	69,304	–			69,304
Trade and other receivables	195,946	3,426		6,037	205,409
Amount due from a director	–	6,037		(6,037)	–
Prepaid land lease payments	222	–			222
Current tax assets	1,054	–			1,054
Cash and cash equivalents	174,667	195	(17,568)		157,294
	441,193	9,658			433,283
Current liabilities					
Trade and other payables	70,018	2,778			72,796
Borrowings	20,668	–			20,668
	90,686	2,778			93,464
Net current assets	350,507	6,880			339,819
Non-current liabilities					
Promissory note payable	–	–	138,787		138,787
	–	–			138,787
Net assets	386,283	8,087			460,113

Notes to the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

1. The balances have been extracted from the consolidated statement of financial position as included in the annual report of the Company for the year ended 31 December 2018.

2. The balances of the Target Group are extracted from the accountants' report as set out in Appendix II of the Circular.

3. The Acquisition of Target Group did not constitute a business combination. The Acquisition is for the purpose of acquiring the interest in an associate. Therefore, the consideration was allocated to the identifiable assets and liabilities of the Target Group.

   The adjustment represents the recognition of the fair value of consideration; and the allocation of consideration to the identifiable assets and liabilities of the Target Group.

   The fair value of the consideration is as follows:

	RMB'000
Cash consideration	17,568
Promissory note	138,787
Consideration Shares *(Note i)*	73,830
	230,185

   The consideration allocated to the identifiable assets and liabilities is as follows:

	RMB'000	*RMB'000*
Fair value of consideration		230,185
Carrying amount of identifiable assets and liabilities of the Target Group	8,087	
Less: Interest in an associate	(1,207)	6,880
Consideration allocated to the interest in an associate *(Note ii)*		223,305

Note:

(i) The fair value of Consideration Shares is calculated as follows:

Number of Consideration Shares	410,000,000
Market price of HK$0.205 each	HK$84,050,000 (equivalent to approximately RMB73,830,000)

The market price represented the closing price at 31 December 2018.

(ii) For the purpose of compilation of this Statement, other than the interest in an associate, the carrying amounts of the assets and liabilities of the Target Group as at 31 March 2019 are assumed to be the acquisition-date fair value of each of the identifiable assets and liabilities of the Target Group.

It is assumed that the fair value of the financial assets arising from Consideration Adjustment and the Put Option are minimal.

The Directors have assessed whether there is any impairment on the interest in an associate as at 31 December 2018 in accordance with Hong Kong Accounting Standard ("HKAS") 36 "Impairment of Assets" issued by the Hong Kong Institute of Certified Public Accountants. An impairment test involves the determination of the recoverable amount of interest in an associate which is determined based on fair value less cost of disposal. The Directors concluded that there is no impairment in respect of the interest in an associate as at 31 December 2018 as the fair value less costs of disposal is in excess to the carrying amounts of the interest in an associate. The reporting accountants concurred with the Directors' assessment of impairment in the interest in an associate in the Statement. The Directors will adopt consistent accounting policies and principal assumptions to assess the impairment of the interest in an associate in subsequent reporting periods in accordance with the requirement of HKAS 36.

4. Upon completion of the Acquisition, the amount due from a director will be included in the consolidated financial statements of the Enlarged Group (as defined in the Circular) and reclassified as other receivables. The adjustment represents the re-classification of an amount due from a director of the Target Company as other receivables.

5. The statutory procedures of Projects Interests Assignment involve the transfer of entire responsibilities, rights, interests and risks in four redevelopment projects with zero consideration, as those four redevelopment projects were at preliminary stage which did not involve any transfer of legal entity. Also, the Target Group did not incur any costs for the redevelopment projects. The Project Interest Assignment has no financial impact to the Enlarge Group.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇
ZHONGHUI

23 August 2019
The Board of Directors
Mayer Holdings Limited
21/F., No. 88 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Mayer Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 December 2018 (the "Statement") as set out on pages V-1 to V-4 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on pages V-1 in the Circular.

The Statement has been compiled by the directors to illustrate the impact of the proposed acquisition of 100% equity interest in Happy (Hong Kong) New City Group Limited as if the transaction had been taken place at 31 December 2018. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated statement of financial position as included in the annual report for the year ended 31 December 2018, on which an audited report has been published.

Directors' Responsibility for the Statement

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 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 ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" 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 behavior.

The firm applies Hong Kong Standard on Quality Control 1 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 29(7) of Chapter 4 of the Listing Rules, on the Statement 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 Statement 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 accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" 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 Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the Statement 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 Statement 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 Statement reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the Statement.

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 Statement 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 Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Practicing Certificate Number P06353
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, the Independent Valuer, in connection with its valuation of the Project Company.

Grant Sherman

Unit 1005, 10/F., AXA Centre
151 Gloucester Road
Wanchai, Hong Kong

23 August 2019

Mayer Holdings Limited
21/F, No.88 Lockhart Road
Wanchai, Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of 49% equity interest in the business enterprise of Zhuhai Hau Fa Yue Tang Property Development Limited* (珠海華發月堂房產開發有限公司, the "**ProjectCo**") based on the rights of entitlement to the economic benefits of the ProjectCo from a minority perspective (the "**Minority Perspective**"). The ProjectCo was established for entering into an agreement with Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）to renew the existing old village in accordance with related renewal policies in Zhuhai, the People's Republic of China (the "**PRC**").

This letter identifies the business appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our opinion of value.

Business enterprise is defined for this appraisal as the combination of all tangible assets (buildings, machinery and equipment), long term investment, net working capital and intangible assets of a continuing business. Alternatively, the business enterprise is equivalent to the investment capital of the business, that is, the combination of the value of shareholder's equity and long-term debt. *Fair market value* is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns. In this appraisal, the fair market value of the business enterprise is based on the Minority Perspective.

The purpose of this appraisal is to express an independent opinion on the fair market value of 49% equity interest in the business enterprise of the ProjectCo as at 31 March 2019 (the "**Appraisal Date**") based on the Minority Perspective. It is our understanding that this appraisal will only be used for acquisition purpose by Mayer Holdings Limited (the "**Company**") and our report might be incorporated in or used in connection with public documents.

* *For identification purpose only*

INTRODUCTION

THE COMPANY

The Company is an exempted company with limited liability incorporated in Cayman Islands. The Company is an investment holding company and principally engaged in the processing, manufacturing and selling of steel sheets, steel pipes and other steel products in the PRC.

Zhuhai Hengqin Zhongle Investment Company Limited

Zhuhai Hengqin Zhongle Investment Company Limited* (珠海橫琴眾樂投資有限公司, "**Zhongle Investment**", together with its subsidiaries referred as the "**Zhongle Group**") is a company established in the PRC with limited liability, which directly holds 29% equity interest in the ProjectCo as at the Appraisal Date. It is principally engaged in urban renewal project planning and consulting.

As at the date of this report (the "**Report Date**"), according to the management of the Company and the ProjectCo (collectively the "**Management**"), the 29% equity interest in the ProjectCo will be transferred to Zhuhai Zhongle City Renewal Company Limited* (珠海眾樂城市更新有限公司, "**Zhongle City Renewal**"), a company established in the PRC with limited liability, for the purpose of reorganisation of the corporate structure (the "**Reorganisation**").

Zhuhai Mingjishi Real Estate Consultant Company Limited

Zhuhai Mingjishi Real Estate Consultant Company Limited* (珠海明基石地產顧問有限公司, "**Mingjishi**") is a company established in the PRC with limited liability, which directly holds 20% equity interest in the ProjectCo as at the Appraisal Date. Mingjishi is a wholly owned subsidiary of Zhongle Investment and is principally engaged in real estate consulting, real estate agency services, real estate development and property management.

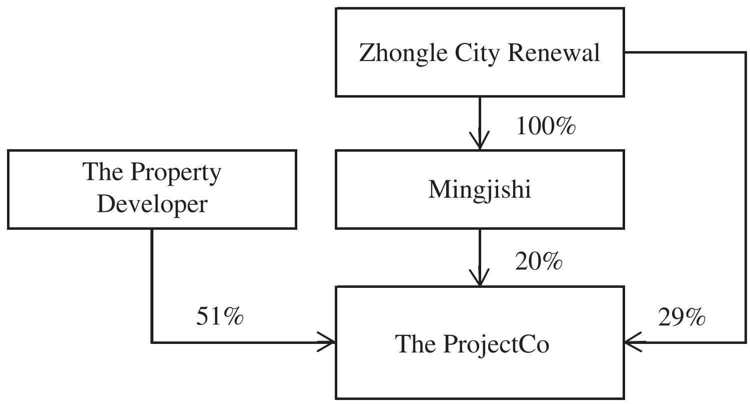
Upon completion of the Reorganisation, Mingjishi will become a wholly owned subsidiary of Zhongle City Renewal, according to the Management.

THE PROJECTCO

The ProjectCo is incorporated in the PRC with limited liability on 24 January 2018. The ProjectCo was established for the purpose of the redevelopment of Yuetang Village*（月堂村）located in Sanzhao Town, Jinwan District, Zhuhai (the "**Project**").

Upon completion of the Reorganisation, Zhongle City Renewal will hold an aggregate of 49% equity interest, directly and indirectly, in the ProjectCo. The remaining 51% equity interest in the ProjectCo is owned by an independent property developer in the PRC (the "**Property Developer**").

The corporate structure of the ProjectCo upon completion of the Reorganisation is set forth below:



The table below sets forth the revenues and net profits of the ProjectCo for the year ended 31 December 2018 and 3 months ended 31 March 2019:

(RMB)	**Year ended 31 December 2018**	**3 months ended 31 March 2019**
Revenue	0	0
Net profit/(loss)	(446,957)	(89,655)

THE PROJECT

In June 2018, the ProjectCo entered into a pre-work co-operation agreement (the "**Co-operation Agreement**") with Jinwan District Sanzao Town Yuyue Village Yuetang Economic Cooperation Association*（金灣區三灶鎮魚月村月堂經濟合作社）in relation to the redevelopment of Yuetang Village in particular, among others, the urban planning and consulting, and organizing and preparing the demolition and relocation compensation plan (the "**Preliminary Work**"). The ProjectCo was confirmed by the government authority and the related parties to be the preliminary work co-operation entity for the Project.

According to the information provided by the Company and the real estate valuation report of the Project (the "**Real Estate Report**") issued by Guangdong Gongping Real Estate and Land Valuation Company Limited, an independent valuer, the Project has a site area of approximately 187,809 square meters with a plot ratio of 3.3. The relocation construction area (回遷建築面積) and commercial housing sellable construction area (住宅商品房可售建築面積) are around 254,280 square meters and 351,659 square meters respectively. As at the Appraisal Date, the Project is in its early development stage of site investigation and preparing survey reports, while all the terms in relation to the relocation process, including the relocation area and compensation amount, are still subject to the related parties' and the government's approval. According to the Management, it is expected that over 90% of the demolition and relocation compensation agreements will be signed by end of year 2021 and the State Land Use Permit* (國有土地使用證) will be obtained from the government authority for the Project by the end of 2021. After obtaining the State Land Use Permit, the re-construction of commercial housing will be commenced and the relocation process is planned to be finished in 2023.

THE SHARE TRANSFER

In relation to the development of the Project, related parties including the Property Developer, Zhongle Investment and Mingjishi entered into an agreement to form the ProjectCo (the "**Joint Venture Agreement**"), pursuant to which the Property Developer hold 51% equity interest, while Zhongle Investment and Mingjishi (collectively referred to the "**Minority Parties**") hold 29% and 20% equity interest in the Project Company respectively.

Upon obtaining the State Land Use Permit and subject to the fulfillment of all other related requirements (including due diligence work having been satisfied by the Property Developer and the related resolution having been approved by the board / shareholders of the parent company of the Property Developer) as stated in the Joint Venture Agreement, the Property Developer can, at its sole discretion, initiate the process of acquiring the 49% equity interest in the ProjectCo to be held by Zhongle City Renewal upon completion of the Reorganisation (the "**Share Transfer**").

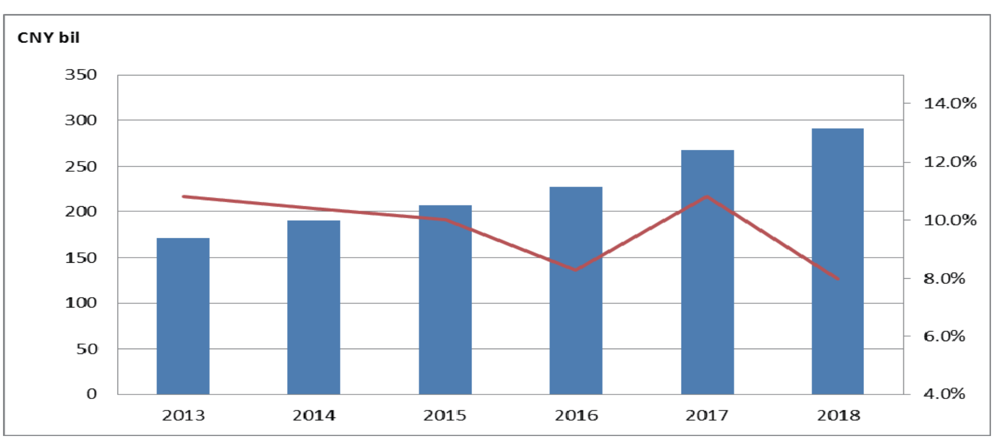
Pursuant to the Joint Venture Agreement, the consideration of the Share Transfer (the "**Share Transfer Consideration**", 股權轉讓款) as at the date of the Share Transfer (the "**Share Transfer Date**") shall be referenced to (i) the saleable commercial housing construction area based on the floor area ratio approved by the Zhuhai government; (ii) the floor price to be agreed on by related parties on the Joint Venture Agreement (the "**Floor Price**"); (iii) the total project cost for obtaining the saleable commercial housing construction area under the Project, including but not limited to the pre-work expenses, relocation compensation and taxes, resettlement fees, relocation management fees, land prices and taxes, and the comprehensive construction costs of the relocation houses and the supporting properties of the relocation area; and (iv) any taxation expenses to be potentially incurred by the Project Company. According to the Joint Venture Agreement, the Share Transfer Consideration will be paid by stages in accordance with the demolition and relocation progress. Based on the estimation provided by the Management, the Property Developer is expected to pay 50%, 25% and 25% of the Share Transfer Consideration when the Share Transfer initiated in 2021, the pre-sale permit obtained in 2022 and the relocation completed in 2023 respectively.

INDUSTRY OVERVIEW

ECONOMIC DEVELOPMENT OF ZHUHAI

Zhuhai is a major coastal city in South China's Guangdong province and its economy experienced solid growth in recent years. According to the Statistics Bureau of Zhuhai (珠海市統計局), the compound annual growth rate ("**CAGR**") of Zhuhai's GDP from 2013 to 2018 reached 11.3%, outperformed that of Guangdong province as a whole at around 9.0% in the same period.

GDP of Zhuhai (2013-2018)



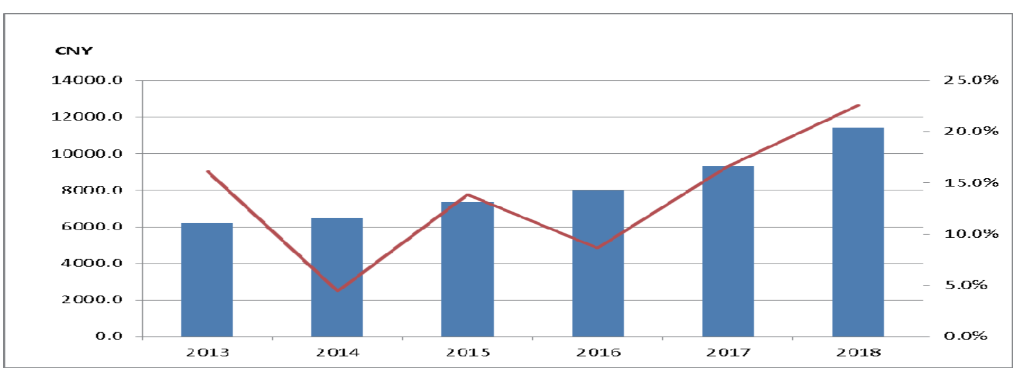
Source: Statistics Bureau of Zhuhai

As one of the key players of the Greater Bay Area (the "**GBA**") project, which refers to the PRC government's scheme to link the cities of Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub, Zhuhai will be benefited from improving connectivity and leveraging the resource distribution among cities in this region. In recent years, Zhuhai has been investing heavily into industrial and logistics infrastructure, such as the Hong Kong-Zhuhai-Macau Bridge (the "**HZM Bridge**"), the upgrade of the Gaolan port and Hengqin port, a new regional airport and the Zhuhai airport intelligent logistics park. In the future, through the connection of the HZM Bridge, it is expected that Zhuhai will join Hong Kong and Macau to form a tourism hub for Greater China as a whole, with gaming, conventions and exhibitions, theme parks and general sight-seeing available within an-hour-reach circle. Furthermore, according to Zhuhai's development blueprint, the already-completed Hongwan Port will create synergy with the future Hengqin bonded logistic park, enhancing the competitiveness of the local logistics sector and driving the economic growth of Zhuhai as well as the whole region[1].

PROPERTY MARKET IN ZHUHAI

The surge in housing prices has raised the PRC government's concerns over the last few years and the overall property market cooled down in 2018, reflecting policies to curb the housing market and headwinds such as trade tensions and a credit squeeze. Nevertheless, Zhuhai's real estate price still experienced solid growth with around 13.0% CAGR for the second-hand commercial housing in the past few years.

Zhuhai Commercial Housing Price (Second Hand) (2013-2018)



Source: Statistics Bureau of Zhuhai

1 "**CBRE Greater Bay Area Report 2018**", https://www.cbre.com/mainland%20china/research-reports

While the trade conflict with the Unite States will continue to weight on the overall economic outlook for the PRC, the local demand, which is driven by government-run urban redevelopment, will counterbalance some of the downside risk of the property market[2]. Underpinned by the GBA development, the flow of capital, people, goods and services into the region will accelerate, which will drive demand for both commercial and residential properties. In particular, with the new rail and bridge links to Zhuhai, the city has the biggest potential upside for homebuyers among cities formed the GBA[3] .

From the policy perspective, Zhuhai's key role in the GBA project creates a significant opportunity to relax or overlook the restrictive property policies that are currently in place, especially the price caps and restrictions on foreign buyers. In April 2018, the Zhuhai government announced the "Implementation Methods of Household Move-in Management in Zhuhai", which in effect relaxed the household registration policy and speeded up the urbanization process. In April 2018, the Zhuhai government launched the "Policy on the Implementation of 'Zhuhai Talent Scheme' to Accelerate Innovative Talent to Cluster (Trial)", which provided housing subsidies in order to attract talents moving to Zhuhai. The abovementioned policies will make it easier for non-locals to buy properties and provide support on the property price in Zhuhai.

URBAN REDEVELOPMENT

In the PRC, urban redevelopment is also known as the "three-old transformation*（三舊改造）", which refers to the redevelopment of "old towns", "old factories" and "old villages". Through comprehensive planning and policy guidance, redevelopment improves the environment and infrastructure in old urban districts, while dilapidated buildings are redeveloped into new buildings of modern standard, environmentally-friendly and smart design. As a result, the land resources will be better utilized and the cities' appearance and living environment can be improved. In Zhuhai, related policies such as the "Zhuhai Special Economic Zone Urban Renewal Management Measures*（珠海經濟特區城市更新管理辦法）" and the "Implementation Rules for the Renewal of Old Villages in Zhuhai*（珠海市城中舊村更新實施細則）" have already been implemented to support and provide guidance to redevelopment projects. According to "Annual Report of the Housing and Urban Planning and Construction in Zhuhai 2017" published by Housing and Urban Planning and Construction Bureau of Zhuhai, 149.1 hectares of "three old" land have been completed the redeveloped during the period of 1 April 2016 to 31 March 2017, while a total area of 434.0 hectares are under redevelopment. Given the shortage of residential land supply and surging home prices in highly developed areas, urban redevelopment will be one of the key measures to tackle the housing problem and it is expected that more urban redevelopment projects will be launched in the future.

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2 "**China Real Estate Market Outlook in 2019: A Complete Overview**", https://www.asiapropertyhq.com/china-real-estate-market/

3 "**Zhuhai's proximity to Hong Kong and Macau should make it one of the best-performing property markets in Greater Bay Area**", SCMP

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprise of the ProjectCo on the basis of fair market value and in conformity with the Uniform Standards of Professional Appraisal Practice. *Fair market value* is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns. *Business enterprise* is defined as the combination of all tangible assets (buildings, machinery and equipment), long term investment, net working capital and intangible assets of a continuing business. Alternatively, the business enterprise is equivalent to the investment capital of the business, that is, the combination of the value of shareholder's equity and long-term debt. In this appraisal, the fair market value of the business enterprise is based on the Minority Perspective.

Our investigation included discussions with the Management in relation to the history, business nature, operations and prospects of the ProjectCo, a review of its historical financial information and the prospective financial information including the underlying assumption (the "**PFI**"), as well as other records and documents provided to us by the Management. We have assumed that the data, information, opinions and representation provided to us by the Management in the course of the valuation are true and accurate. The key records and documents provided to us by the Management including the following:

– the Joint Venture Agreement;

– the Real Estate Report;

– Zhuhai City "Three Old" Urban Renewal Project Land Price Calculation and Compensation Standard (Draft)* (珠海市"三舊"改造城市更新項目地價計收及收儲補償標準(草稿), the "**Land Premium Policy Draft**");

– The demolition and relocation compensation agreements and loan agreements of comparable projects (the "**Reference Materials**"). According to the Management, the ProjectCo has no right to circulate or provide any copies of the Reference Materials. Therefore, the assessment and investigation of the Reference Material was performed through an on-site inspection with the Management's presence; and

– The PFI.

Before arriving at our opinion of value, we have considered the following principal factors:

– The nature of the business and the history of ProjectCo from its inception;

– The nature and prospect of urban redevelopment in the PRC;

– The economic outlook in general and the specific economic and competitive elements affecting ProjectCo's business, its industry and market;

– The earnings capacity of ProjectCo;

– The past operating results of ProjectCo;

– The Management's policies and strategies for the future;

– The liquidity of the assets to be valued;

– The potential of the target markets to be served;

– The financial and business risks of ProjectCo and inherent uncertainties involved in its operation;

– Investment market's attitude toward securities with similar characteristics, as measured by market performance, and alternative investment opportunities available to an investor;

– The differential rights of entitlement to the economic benefits of the ProjectCo among its shareholders; and

– The PFI.

Due to the changing environment in which ProjectCo is operating, a number of assumptions have to be established in order to sufficiently support our concluded fair market value. The major assumptions adopted in this appraisal are:

– The PFI provided by the Management has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;

– ProjectCo can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;

– ProjectCo will utilize and maintain its current operational, administrative and technical facilities to expand and increase its profitability;

– ProjectCo will retain and have competent management, key personnel, and technical staff to support its ongoing operation, if any;

– It is assumed that the Land Premium Policy Draft will be implemented on or before 2021, when the ProjectCo plans to pay the land premium according to the development timetable;

- ProjectCo has obtained and will obtain all necessary permits, license, certificates and approvals to carry out its business as planned in the PFI;

- It is assumed that the purpose of the ProjectCo is solely and exclusively for the development of the Project without any other business or project ownership;

- According to the Joint Venture Agreement, the Share Transfer Consideration will be paid by stages in accordance with the demolition and relocation progress. The payment schedule adopted in this appraisal is estimated by the Management based on the current development timetable and is deemed to be the best estimation as at the Appraisal Date;

- As the Project is in the early development stage, all the terms and conditions of the relocation compensation are subject to the related parties' and the government's approval. All the parameters (the "**Parameters**") in relation to the calculation of the relocation compensation, including the relocation area and compensation amounts, temporary building compensation, and any other related inputs, are estimated by the Management based on the Reference Materials and their industry knowledge. It is assumed that the Parameters are reasonable and are deemed to be the best estimations as at the Appraisal Date;

- As advised by the Management, the Minority Parties have not employed any expert in respect of the secondary development of the land such that their involvement in the development plan for the secondary development is highly remote. In addition, in view of current positive margin between the Floor Price and the key project costs (i.e. the land price, relocation compensations) and their highly positively correlation, therefore, it is reasonable to assume that the possibility of a non-profitable Share Transfer is highly unlikely. Based on the above, it is assumed that, for the best interest of the Minority Parties as at the Appraisal Date, after 90% of compensation agreements are signed and all other related requirements are met, the 49% equity interest owned by the Minority Parties will be sold to the Property Developer, while former party will still undertake the relevant relocation cost, which will also be considered in the calculation of the Share Transfer Consideration; and

- The borrowing costs are assumed to be 4.99%, which is estimated based on the Reference Material. According to the Management's representation, the comparable projects in the Reference Material had similar shareholder structure (i.e. an independent property developer holding the majority equity interest) with the ProjectCo, and therefore it is of the Management's view that it is practical to have the similar favorable borrowing terms to those of comparable projects in the reference Material in accordance to the Property Developer's credit worthiness.

BASIS OF THE PFI

The PFI was prepared by the Management in conjunction with inputs from third party consultants. Below tables show the major parameters assumed and adopted in the PFI in this appraisal.

The Project's construction area

	(sqm)	**Reference**
Site area	187,809	
Pot ratio	3.30	Based on the representation of the Management and the Real Estate Report
Capacity building area	620,520	
Relocation construction area	254,280	
Commercial housing sellable construction area (Residential)	351,659	

The floor price in the calculation of the Share Transfer Consideration

As at	**31/3/2019**	**31/12/2021**
Floor price (RMB per sqm)	12,000	17,000
Floor price growth rate	13.2%	
Period (years)	2.75	

As per the development timetable provided by the Company, the State Land Use Permit will be obtained from the government authority for the Project by 31 December 2021 and it is assumed that the Property Developer will initiate the Share Transfer. According to the Real Estate Report, the floor price of the Project was estimated to be RMB12,000 per square meter as at 31 March 2019. In order to reflect the potential growth of the property market during the period of 31 March 2019 and 31 December 2021, a growth rate of around 13.2% is adopted, which was made reference to the historical CAGR of the second-hand commercial housing price in Zhuhai during 2011 – 2018.

The land cost

Land cost in 2021 (RMB per sqm)	7,358
Area (sqm)	386,240

As per the development timetable provided by the Company, the ProjectCo has to pay the land cost to the government in order to obtain the construction right of the site in 2021. The assumption on the land cost has made reference to i) Zhuhai City Jinwan District Section Price List in Second Half of 2018*(“珠海市2018年下半年金灣區區段價格匯表”)published by Zhuhai Municipal Bureau of Land and Resources*(珠海市國土資源局) and ii) the Land Premium Policy Draft, which stated the latest formula to calculate the land cost for urban redevelopment projects. In order to reflect the potential growth of the property market till 2021, a growth rate of 13.2% is adopted, which was made reference to the historical CAGR of the second-hand commercial housing price in Zhuhai during 2011 – 2018. A total area of 386,240 square meters, which included the commercial housing sellable construction area for residential and a small amount of the compensation area(補差面積)estimated by the Management, is adopted to calculate the total land cost.

The construction cost for relocation housing area

Construction cost in 2022 (RMB per sqm)	4,000 – 4,600
Total relocation area (sqm)	219,000

As per the development timetable provided by the Company, the construction of the site, including the relocation housing area, will start in 2022. Given relevant data for Zhuhai is not available, a growth rate of 4.6%, which is made reference to the historical CAGR of the construction cost in Guangzhou during 2012 – 2018 based on the data sourced from China Engineering Cost Network, is adopted to reflect the construction cost appreciation trend till 2022.

Preliminary cost

The preliminary cost amounted to RMB30 million in total including miscellaneous items such as the decoration cost of the exhibition hall, project survey and appraisal fees, administration cost related to voting for compensation proposal etc. The preliminary cost is estimated by the Management based on their experience and industry knowledge.

The relocation compensation

All the parameters in relation to the calculation of the relocation compensation, including the relocation area and compensation amounts, temporary building compensation, and any other related inputs, are estimated by the Management based on the Reference Materials and their industry knowledge.

The consultation fee to the Property Developer

The total consultation fee to the Property Developer of around RMB29 million is estimated to be around 2% of the total relocation cost (including construction cost, preliminary cost and relocation compensation but excluding land cost) by the Management. The consultation fee will be paid by stages in accordance with the demolition and relocation progress.

Other operation costs

Other operation costs including salary, rental, marketing cost and other administration costs. A growth rate of 3% is adopted when applicable during the forecast period, which was made reference to the long-term inflation rate of the PRC.

For the purpose of this valuation, we were furnished with records and documents by the Management. We have reviewed and examined the said information and have no reason to doubt the truth and accuracy of the information contained therein. We have also consulted sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a very considerable extent upon such data, records, documents, financial and business information from other sources, as well as a number of assumptions that are subjective and uncertain in nature. Any variation to these assumptions could seriously affect the fair market value of the appraised business enterprise.

VALUATION METHODOLOGY

To develop our opinion of value for the business enterprise, we considered the three generally accepted approaches to value: the Income Approach, the Market Approach and the Cost Approach.

Income Approach

In the Income Approach, the discounted cash flow method will be used. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

Market Approach

In the Market Approach, the guideline publicly traded company method and the guideline merged and acquired company method will be applied to estimate the value of the ProjectCo. These two methods consider prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

Cost Approach

This approach seeks to measure the future benefits of ownership by quantifying the amount of money that would be required to replace or reproduce the future service capability of the subject asset, less depreciation from physical deterioration, functional and economic/external obsolescence, if present and measurable. The assumption underlying this approach is that the cost to purchase or develop new asset is commensurate with the economic value of the service that the asset can provide during its lives. The Cost Approach does not directly consider the amount of economic benefits that can be achieved or the time period over which they might continue. It is an inherent assumption with this approach that economic benefits indeed exist and are of sufficient amount and duration to justify the development expenditures.

We considered the Cost Approach to be inapplicable to the subject appraisal as it could not reflect the fair market value of the ProjectCo which is underpinned by the future profit generated from its business. For the Market Approach, it is unlikely, if not impossible, to find a pool of comparable listed companies having comparable exposure with the ProjectCo, making Market Approach infeasible in this appraisal. Consequently, based on the PFI and relevant supporting documents provided by the Management, we concluded that the most appropriate method for valuing the business enterprise value of the ProjectCo in this appraisal is the Income Approach.

The fair market value of the business enterprise of the ProjectCo is developed through the application of the income approach technique known as the discounted cash flow method. In this method, value depends on the present worth of future economic benefits to be derived from ownership of shareholders' equity. Thus, indication of value was developed by discounting future free cash flows available for distribution to shareholders to their present worth at market-derived rates of return appropriate for the risks and hazards of the subject business.

The income approach explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. We have applied the discounted cash flow method in appraising the economic benefits of the ProjectCo. In practice, the discounted cash flow approach consists of estimating future annual cash flows and individually discounting them to present value.

DISCOUNT RATE DEVELOPMENT

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of an ownership interest in an asset given the level of risk inherent in that ownership interest. In this valuation, the discount rate applied to the cash flow streams attributable to the shareholders of ProjectCo is the cost of equity. The cost of equity is developed through the application of the Capital Asset Pricing Model ("**CAPM**") with reference to the required rates of return demanded by investors for similar projects. A major requirement in generating the cost of equity is to identify companies that are comparable to ProjectCo in terms of business nature and associated risks.

The ProjectCo was established for the purpose of the redevelopment of Yuetang Village. According to the Management, the Project involved urban planning, preparing the demolition and relocation compensation plan and reconstruction for relocation housing and commercial housing. Distinct from general urban planning or property development projects, planning and executing the demolition and relocation compensation plan are essential to the success of redevelopment projects in the PRC.

In our valuation model, we identified comparable companies through the following screening process: (Step 1) firstly we identified a pool of companies of which their principal businesses are engaged in the property development or construction in the PRC; (Step 2) we narrowed down the pool by locating companies which have presence in urban redevelopment in the PRC; and (Step 3) in light of precise revenue or profit figures reflecting urban redevelopment business are not available from comparable companies public disclosures, we relied on companies' management discussion in their respective annual reports that clearly stated that urban redevelopment will continue to remain as one of their business focuses in order to identify the closest comparable companies. Based on the above criteria, we have selected four comparable companies which are considered to be closely comparative to ProjectCo. The business descriptions of the comparable companies are summarized below:

1. Lvgem China Real Estate Investment Company Limited (ticker symbol: 95 HK)

   LVGEM China Real Estate Investment Company Limited is a property developer. It participates in property development and sales, commercial property investment and operations, and comprehensive services. It focuses its operations across the Pearl River Delta region. It has more than 20 years of experience in urban renewal and will focus on urban renewal in the Greater China Bay according to its annual report 2018.

2. Kaisa Group Holdings Limited (ticker symbol: 1638 HK)

   Kaisa Group Holdings Limited is an integrated real estate company. It focuses on urban development and operation. It's real estate business covers the planning, development and operation of large-scale residential properties and integrated commercial properties. It has rich experience in urban redevelopment and will actively participate urban redevelopment in the PRC according to its annual report 2018.

3. Shenzhen Tagen Group Company Limited (ticker symbol: 000090 CH)

   Shenzhen Tagen Group Company Limited undertakes a variety of construction projects including buildings, roads, bridges, tunnels, and other heavy construction projects. Through its subsidiaries, it also operates in real estate development, property management, transportation, and construction materials manufacturing. It also participates in urban redevelopment projects such as shanty area redevelopment in the PRC according to its annual report 2018.

4. Hubei Fuxing Science and Technology Company Limited (ticker symbol: 000926 CH)

   Hubei Fuxing Science And Technology Company Limited operates real estate development businesses. It provides housing renovation, housing loans, real estate brokerage, property management, and other services. It is one of the pioneers of urban redevelopment in Wuhan and will continue to participate in "three old redevelopment" according to its annual report 2018.

CAPM

CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as nonsystematic. The cost of equity for the ProjectCo is the sum of the risk-free rate return, the equity risk premium required by investors to compensate for the systematic risk assumed with adjustments for increment for risk differentials of the ProjectCo versus those of the comparable companies, which include risk adjustments for size (the "**Small Capitalization Risk Premium**") and other risk factors in relation to the comparable companies (the "**Start-up Risk Premium**" and the "**Company Specific Risk Premium**").

Our analysis suggested that a cost of equity of 26.44% was an appropriate discount rate for valuing the ProjectCo as at the Appraisal Date.

The Small Capitalization Risk Premium

The Small Capitalization Risk Premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that the cost of capital increases with decreasing size of the ProjectCo's business.

Currently these is no widely used empirical study conducted on the Small Capitalization Risk Premium for companies in the PRC. A number of studies were conducted in the U.S. which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the ProjectCo's systematic risk derived from the CAPM. We concluded that a Small Capitalization Risk Premium of 3.48%, with reference to the 2018 Valuation Handbook-Guide to Cost of Capital by Duff&Phelps, LLC., as at the Appraisal Date was appropriate for the ProjectCo.

The Start-up Risk Premium

The Start-up Risk Premium associated with the ProjectCo relates to its start-up risks in the successful establishment and implementation of its development plan. The uncertainties result from the lack of historical data to support the PFI and the absence of track record on successful redevelopment project such that the ProjectCo may require considerable effort to formulate its operations and marketing strategies.

To reflect these risks, based on our professional judgment and experiences, an additional risk premium of 3.00% is applied in developing the cost of equity of the ProjectCo.

The Company Specific Risk Premium

The company specific risks associated with the ProjectCo are described as following:

– As the Project is in the early development stage, all the terms and conditions of the relocation compensation are subjected to the related parties' and the government's approval. The ProjectCo was exposed to a specific risk factor since upon execution of the formal compensation agreement, the major terms of the relocation compensation may deviate from those expected as at the Appraisal Date;

– Negotiation process of the terms of the relocation compensation may be prolonged if local residents demanding compensation higher than expected resulting risk of delay of the Project's development.

To reflect these risks, based on our professional judgement and experiences, an additional risk premium of 5.00% is applied in developing the costs of equity of the ProjectCo.

DISCOUNT FOR LACK OF MARKETABILITY

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. The discount for lack of marketability reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels of discounts for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted stock studies

- Studies of transactions in closely held stocks prior to initial public offerings (IPOs)

Currently there is no widely used empirical study conducted on lack of marketability discount for private companies in the PRC. Most studies on lack of marketability were based on transactions or data in the U.S.. In this case, considering that the shares of the ProjectCo is not publicly traded and there is no active market for its shares, a lack of marketability discount of 50% is considered reasonable for this valuation. In determining the reasonable lack of marketability discount, we have made reference to the "*Mergerstat® Review*" by FactSet Mergerstat, LLC which included data derived from market transactions involving U.S. companies, including privately held, publicly traded and cross-border transactions.

EXHIBIT I – FINANCIAL MODEL

As of 31 March 2019 (RMB'000)			31/12/2018	31/3/2019	Years ended 31 December (Apr - Dec) 2019	2020	2021	End-2021	
Revenue			–	–	–	–	–	–	
Direct Cost			–	–	(13,388)	(5,520)	(1,497,925)	(913,216)	Provided by the Management, included demolition compensation, land cost, relocation housing construction cost and other related cost
Gross profit			–	–	(13,388)	(5,520)	(1,497,925)	(913,216)	
Salary			–	–	(2,040)	(2,101)	(2,164)	(1,799)	Management and staff salary, growth rate at 3%
Sales and Marketing			(90)	(29)	(500)	(515)	(530)	–	Growth rate at 3%
Rent			–	–	(420)	(420)	(420)	–	Included office and exhibition hall rental fee
Admin. Costs			(249)	(274)	(542)	(840)	(865)	–	Growth rate at 3%
Consultation fee			–	–	(2,859)	(2,859)	(21,440)	(1,271)	Estimated by the Management, around 2% of the total relocation cost
Depreciation			–	–	(390)	(390)	(390)	–	
Other fees/non cash items			(108)	(27)	–	–	–	–	
Operating expenses			(447)	(330)	(6,750)	(7,125)	(25,809)	(3,070)	
The total floor price estimated for the calculation of the Share Transfer Consideration			–	–	–	–	–	5,328,809	Present value of estimated total floor price as at end-2021
Earnings before interest & tax (EBIT)			**(447)**	**(330)**	**(20,138)**	**(12,645)**	**(1,523,734)**	**4,412,523**	
Interest expense			–	–	–	(9,975)	(59,850)	–	
Earnings before tax (EBT)			**(447)**	**(330)**	**(20,138)**	**(22,620)**	**(1,583,584)**	**4,412,523**	
Contract tax (契稅)	3%		–	–	–	–	(34,103)	–	Tax rate: 3%
Income tax expense	25%		–	–	–	–	–	(687,825)	Tax rate: 25%
Earning after tax			**(447)**	**(330)**	**(20,138)**	**(22,620)**	**(1,617,687)**	**3,724,698**	
Adjustments									
Depreciation			–	–	390	390	390	–	
Capital expenditures			(191)	–	(1,920)	–	–	912	Mainly decoration cost for exhibition hall and equipment
Decrease/(increase) in working capital					715	(156)	(43)	1,658	
Borrowing					–	–	–	–	
Post-Tax Free Cash Flow					**(20,953)**	**(22,385)**	**(1,617,340)**	**3,727,268**	
Total Cash Flow					**(20,953)**	**(22,385)**	**(1,617,340)**	**3,727,268**	
Period					0.38	1.25	2.25	2.75	
Post-Tax Discount Rate	26.44%				0.92	0.75	0.59	0.52	
Present value of cash flows			(638)	(330)	(19,189)	(16,696)	(954,004)	1,955,217	
Present value of interim period cash flows		964,361							
		964,361							
Indicated value before lack of marketability discount		964,361							
Minority discount	0.00%	–							
Lack of marketability discount	50.00%	(482,180)							
Indicated value after lack of marketability discount		482,180							
Excess Cash		–							
Indicated value of 100% equity interest		482,180							
Indicated value of 49% equity interest	49%	236,268							

OPINION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that the fair market value of 49% equity interest in the business enterprise of the ProjectCo, based on the Minority Perspective, as at **31 March 2019** is reasonably stated by the amount of **RENMINBI TWO HUNDRED THIRTY SIX MILLION TWO HUNDRED AND SIXTY EIGHT THOUSAND (RMB236,268,000)** only.

This opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the Company, the ProjectCo, their subsidiaries and associates, the Project, or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan	**Derek T.Y. Wong**
ASA	*CFA, CMA, FRM, MIPA*
Managing Director	*Director*
	Business and Derivative Valuation

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Appraisal Review & Management/Business Valuation/ Intangible Assets) and he has been conducting business valuation of various industries and intangible assets valuation in Hong Kong, the PRC and the Asian region for various purposes since 1988. Mr. Derek T.Y. Wong is a CFA Charterholder, a Certified Management Accountant, a Certified FRM and a Member of the Institute of Public Accountants. He has been working in the financial industry since 2003, with experiences covering the areas of corporate banking, corporate finance, equity analysis and business and derivatives valuation.

The following is the text of a letter received from Veda Capital Limited, the financial adviser of the Company, addressed to the Directors and prepared for the sole purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

23 August 2019

The Board of Directors
Mayer Holdings Limited
21st Floor
No. 88 Lockhart Road
Wan Chai
Hong Kong

Dear Sirs,

We refer to the valuation report (the "**Valuation Report**") dated 23 August 2019 and prepared by Grant Sherman Appraisal Limited (the "**Independent Valuer**") in relation to the fair market value of 49% equity interest in the Project Company (the "**Valuation**") The Valuation Report is included in Appendix VI to the circular (the "**Circular**") of Mayer Holdings Limited (the "**Company**") dated 23 August 2019. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

According to the Valuation Report, the Independent Valuer adopted the income approach in arriving at the Valuation. Under the income approach, the Independent Valuer adopted the discounted cash-flow method. We note that the Valuation, which was determined based on the discounted cash-flow method, is regarded as a profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules.

We have reviewed the Profit Forecast upon which the Valuation has been made and have discussed with the management of the Company and the Independent Valuer the information and documents provided by the management of the Company which formed part of the basis and assumptions upon which the Profit Forecast has been prepared. We have also considered the letter from ZHONGHUI ANDA CPA Limited dated 23 August 2019 as set out in Appendix VIII to the Circular regarding the calculations and arithmetical accuracy of the Profit Forecast upon which the Valuation has been made. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the Project Company may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Independent Valuer on the Valuation, for which the Independent Valuer and the Company are responsible, we are of the opinion that the Profit Forecast upon which the Valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Group. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Valuation. The Directors remain solely responsible for the Valuation.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Hans Wong
Chairman

The following is the text of a letter received from ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, independent reporting accountant, addressed to the Directors and prepared for the sole purpose of inclusion in this circular.

23 August 2019

The Board of Directors
Mayer Holdings Limited
21/F., No. 88 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

We have examined the principal accounting policies adopted in and the calculations of the discounted cash flow forecast (the "Forecast") underlying the valuation (the "Valuation") of Zhuhai Hau Fa Yue Tang Property Development Limited ("Project Company") performed by Grant Sherman Appraisal Limited (the "Valuer") in respect of the appraisal of the fair value of Project Company as at the reference date of 31 March 2019 in connection with the circular of Mayer Holdings Limited (the "Company") dated 23 August 2019 (the "Circular"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

DIRECTORS' RESPONSIBILITIES

The directors of the Company are solely responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the "Assumptions").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 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 ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion on the accounting policies and calculations of the Forecast based on our procedures and to report our opinion solely to you, as a body, solely for the purpose in connection with the Circular and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Forecast in accordance with the Assumptions adopted by the directors and as to whether the Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express opinion whatsoever thereon.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the Assumptions adopted by the directors and is presented on a basis consistent in all material respects with the accounting policies of the Group.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

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 regards 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. SHARE CAPITAL

The authorised and issued share capital in the Company as at the Latest Practicable Date were and immediately following the allotment and issue of the Consideration Shares will be as follows:

i. As at the Latest Practicable Date

		HK$
Authorised:		
4,000,000,000	Shares of HK$0.20 each	800,000,000
Issued and paid-up share capital:		
1,748,000,000	Shares of HK$0.20 each	349,600,000

ii. Immediately following the allotment and issue of the Consideration Shares

		HK$
Authorised:		
4,000,000,000	Shares of HK$0.20 each	800,000,000
Issued and paid-up share capital:		
1,748,000,000	Shares of HK$0.20 each	349,600,000
410,000,000	Consideration Shares to be alloted and issued pursuant to the Sale and Purchase Agreement	82,000,000
2,158,000,000		431,600,000

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

All the Shares in issue, rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Consideration Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

a) Interest of Directors

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, options, warrants, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and underlying Shares

Name	Capacity	Number of Shares held	Approximate percentage of interest
Bumper East Limited *(Note 1)*	Beneficial owner	280,000,000	16.02%
Mr. Lin Jinhe *(Note 1)*	Interest in controlled corporation	280,000,000	16.02%
Aspial Investment Limited *(Note 2)*	Beneficial owner	460,000,000	26.32%
Mr. Chen Wei *(Note 2)*	Interest in controlled corporation	460,000,000	26.32%
Wong Shek Kwan	Beneficial owner	193,320,000	11.06%

Notes:

1. The 280,000,000 Shares are held by Bumper East Limited and Bumper East Limited is wholly owned by Mr. Lin Jinhe. Thus, Mr. Lin Jinhe is deemed to be interested in the 280,000,000 Shares held by Bumper East Limited pursuant to the SFO.

2. The 460,000,000 Shares are held by Aspial Investment Limited and Aspial Investment Limited is wholly owned by Mr. Chen Wei. Thus, Mr. Chen Wei is deemed to be interested in the 460,000,000 Shares held by Aspial Investment Limited pursuant to the SFO.

Save for disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 December 2018, being the date to which the latest audited consolidated accounts of the Company have been made up) carrying rights to vote in all circumstances at general meetings of other member of the Group or had options in respect of such capital.

4. INTEREST OF DIRECTORS

As at the Latest Practicable Date:

(i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(ii) none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Enlarged Group.

5. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

6. DIRECTORS' SERVICE CONTRACTS

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

7. LITIGATION

As at the Latest Practicable Date, the Company was involved in the following on-going material litigations in Hong Kong:

Hong Kong: High Court Action No. HCA64/2012 (the "HCA64/2012 Action")

The Company commenced the HCA64/2012 Action by way of a writ of summons dated 12 January 2012 and an amended writ of summons dated 6 March 2012 whereby it was purported that the Company was defrauded by relying on two letters of intent (which was claimed to be false and misleading) issued by each of Tan Thang Construction Commercial Investment Joint Stock Company ("**Tan Thang**") and Hop Thanh Trading-Electronics-Telecom Service Joint Stock Company ("**Hop Thanh**") which formed the basis of the valuation conducted by Grant Sherman Appraisal Limited, which in turn, was relied on to determine the consideration under the sale and purchase agreement in relation to the acquisition of the entire equity interest in Yield Rise Limited ("**Yield Rise**") entered into between the Company and Make Success Limited ("**Make Success**") on 8 November 2010 (as amended by a supplemental agreement dated 31 March 2011). The said two letters of intent, which were issued by Tan Thang and Hop Thanh respectively, stated their intention to conduct business at the Dan Tien Port project. Please refer to the circular of the Company dated 13 April 2011 for the details of the Dan Tien Port project.

On 20 July 2018 (after trading hours), the Company entered into a settlement deed with Make Success and Yield Rise, pursuant to which, amongst others, all the claims and/ or counterclaims that each of the Company and Make Success has or may have against the other under the HCA64/2012 Action shall be released, subject to the approval from the High Court of Hong Kong on the discontinuation of the HCA64/2012 Action between them.

On 19 October 2018, the discontinuation of the HCA64/2012 Action on the part between the Company and Make Success and its ultimate beneficial owner was approved by the High Court of Hong Kong.

On 9 August 2019, Simsen Capital Finance Limited (being the 8th Defendant in the HCA64/2012 Action) and Spring Sky Limited (being the 9th Defendant in the HCA64/2012 Action) filed a notice of intention to proceed with the HCA64/2012 Action to the High Court of Hong Kong.

As at the Latest Practicable Date, no upcoming hearing was arranged.

Please refer to the circular of the Company dated 21 September 2018 and the relevant periodic announcements previously issued by the Company for further details of the HCA64/2012 Action.

Hong Kong: High Court Action No. HCA156/2015

On 19 January 2015, the Company issued a writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against the former company secretary and chief financial controller of the Company, Mr. Chan Lai Yin, Tommy, for having wrongfully deprived the Company of access to or possession of certain documents, information and records which belonged to the Company and wrongfully refused to disclose the relevant passwords for the computer server and laptop of the Company.

As at the Latest Practicable Date, the Court of First Instance of the High Court of Hong Kong had not yet decided on the date of hearing.

Hong Kong: High Court Action No. HCA2347 of 2017 and Miscellaneous Proceedings 1673 of 2016

The statement of claim has been filed and served and the captioned case is proceeding in due course.

Hong Kong: Miscellaneous Proceedings No. HCMP1727 of 2018

On 15 October 2018, the Company received a petition (the "**Petition**") dated 15 October 2018 issued by Mr. Chu Ting Yi (the "**Petitioner**"), a shareholder of the Company, in the High Court of the Hong Kong Special Administrative Region on 15 October 2018 against, among other respondents, the Company. According to the Petition, the Petitioner sought for (i) an order that Mr. Lee Kwok Leung, being the chairman of the Company's extraordinary general meeting held on 15 October 2018 (the "**2018 EGM**"), do exercise his power and/or discretion pursuant to Article 85(b) of the articles of association of the Company to disqualify Aspial Investment Limited and Bumper East Limited, both being substantial Shareholders from voting on the resolutions at the 2018 EGM; (ii) alternatively, an order that the votes of Aspial Investment Limited and Bumper East Limited be excluded in determining the results of the resolutions at the 2018 EGM; (iii) such further or other reliefs and all necessary and consequential directions as the Court may think fit; and (iv) costs. The Petition was heard at the Court of First Instance (Companies Court) on 13 February 2019.

As at the Latest Practicable Date, no upcoming hearing was arranged.

As at the Latest Practicable Date, Guangzhou Mayer was involved in the following on-going litigations in the PRC:

The PRC: Claim Disputes of (2018)粵 0304民初 32724號, (2018)粵 0304民初 32722號 and (2018)粵 0304民初 32714號

Guangzhou Mayer filed three claim petitions to the Court of Qianhai Cooperation District, Shenzhen, Guangdong Province (廣東省深圳前海合作區人民法院 or the "**Qianhai Court**") against three investment companies for the refund of the investment sums of a total sum of RMB50 million that Guangzhou Mayer had provided wrongfully.

Pursuant to the official notice issued by the People's Court of Futian District of Shenzhen City (the "**Futian Court**"), it has taken up the said three petitions from the Qianhai Court. The court case numbers of the three claim disputes (2017)粵 0391民初 2337號, (2017)粵 0391民初 2338號 and (2017)粵 0391民初 2367號 have been changed to (2018)粵0304民初32724號, (2018)粵 0304民初 32722號 and (2018)粵 0304民初 32714號, respectively.

In September 2018, Guangzhou Mayer withdrew the claim dispute of (2017)粵 0391民初 2337號, which was changed to (2018)粵 0304民初 32724號 by the Futian Court, against the first defendant.

The Futian Court heard the remaining two claim disputes on 20 November 2018. As at the Latest Practicable Date, the Futian Court had not reached any judgment.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Enlarged 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 Enlarged Group.

8. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this circular:

Name	Qualifications
Veda Capital Limited	A licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Grant Sherman Appraisal Limited	Independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with copies of its letter and/or reports and the references to its name included in this circular in the forms and contexts in which they are respectively included. Each of the above experts confirmed that as at the Latest Practicable Date:

(i) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(ii) it was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL CONTRACTS

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

(i) the settlement deed entered into among the Company, Make Success Limited and Yield Rise Limited on 20 July 2018 in relation to the settlement of, among others, the sale and purchase agreement in relation to the acquisition of entire issued share capital in Yield Rise Limited which was entered into between the Company and Make Success Limited on 8 November 2010 (as amended by a supplemental agreement dated 31 March 2011);

(ii) the underwriting agreement dated 20 July 2018 entered into among the Company and the Yicko Securities Limited, President Securities (Hong Kong) Limited and Kam Fai Securities Company Limited (collectively, the "**Underwriters**") in relation to the open offer for subscription of the offer shares on the basis of four (4) offer shares for every one (1) adjusted share at the price of HK$0.20 per offer share (the "**Underwriting Agreement**");

(iii) the supplemental agreement dated 18 September 2018 entered into among the Company and the Underwriters to amend and supplement certain terms of the Underwriting Agreement;

(iv) the Sale and Purchase Agreement; and

(v) the Joint Venture Agreement.

10. GENERAL

(i) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

(ii) The company secretary of the Company is Mr. Lam Man Kit, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

(iii) The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and the head office and principal place of business of the Company is located at 21st Floor, No. 88 Lockhart Road, Wan Chai, Hong Kong.

(iv) The Company's Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (other than Saturday, Sunday and public holidays) at the Company's principal place of business at 21st Floor, No. 88 Lockhart Road, Wan Chai, Hong Kong from the date of this circular up to and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the Sale and Purchase Agreement;

(iii) the letter from the Board, the text of which is set out on pages 1 to 24 of this circular;

(iv) the annual report of the Company for each of the three years ended 31 December 2016, 2017 and 2018;

(v) the accountant's report of the Target Group, the text of which is set out in Appendix II to this circular;

(vi) the accountant's report of the Project Company, the text of which is set out in Appendix III to this circular;

(vii) the report from ZHONGHUI ANDA CPA Limited on the unaudited pro forma financial information of the Enlarged Group upon Completion, the text of which is set out in Appendix V to this circular;

(viii) the Valuation Report as set out in Appendix VI to this circular;

(ix) the letter from Veda Capital Limited as set out in Appendix VII to this circular;

(x) the letter form ZHONGHUI ANDA CPA Limited as set out in Appendix VIII to this circular;

(xi) the written consents referred to in the paragraph headed "8. EXPERTS AND CONSENTS" in this Appendix;

(xii) the material contracts referred to in the paragraph headed "9. MATERIAL CONTRACTS" in this Appendix;

(xiii) this circular; and

(xiv) all circulars of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 31 December 2018 (if any).

美亞控股有限公司*
MAYER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1116)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Mayer Holdings Limited (the "**Company**") will be held at held at 15th Floor, Admiralty Centre II, 18 Harcourt Road, Hong Kong on Thursday, 12 September 2019 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Sale and Purchase Agreement dated 11 June 2019 (the "**Sale and Purchase Agreement**") entered into among Harbour Prestige International Limited (the "**Vendor**"), Elate Ample Limited (the "**Purchaser**"), the Company and Mr. Zhou Shi Hao in relation to the acquisition of the entire issued share capital of Happy (Hong Kong) New City Group Limited at an aggregate consideration of HK$260,000,000 (the "**Consideration**"), which shall be satisfied by (i) cash; (ii) the issue of the promissory note in an aggregate principal amount of HK$158,000,000; and (iii) the allotment and issue of 410,000,000 new shares in the share capital of the Company by the Company to the Vendor (or its nominee) credited as fully paid, at the issue price of HK$0.20 per new share (the "**Consideration Shares**"), and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified (copy of the Sale and Purchase Agreement has been tabled at the EGM for the purpose of identification);

(b) the grant of a specific mandate (the "**Specific Mandate**") to the directors of the Company ("**Directors**") to allot and issue the Consideration Shares to the Vendor (or its nominee) pursuant to the terms and conditions of the Sale and Purchase Agreement be and is hereby approved, the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution;

(c) the issue of the promissory note in an aggregate principal amount of HK$158,000,000 by the Purchaser to the Vendor (or its nominees) as part of the Consideration pursuant to the terms and conditions of the Sale and Purchase Agreement be and is hereby approved; and

* *For identification purpose only*

(d) any one of the Directors be and is hereby authorised to do all such further acts and things and sign, agree, ratify and/or execute all such further documents or instruments under hand (or where required, under the common seal of the Company together with such other Director or person authorised by the board of Directors) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Sale and Purchase Agreement and any of the transactions contemplated thereunder."

Yours faithfully,
By order of the Board
Mayer Holdings Limited
Lee Kwok Leung
Chairman and Executive Director

Hong Kong, 23 August 2019

Registered office:
PO Box 309GT, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands
British West Indies

Head office and principal place of business in Hong Kong:
21st Floor
No. 88 Lockhart Road
Wan Chai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy, to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for the EGM or any adjourned meeting thereof.

3. Where there are joint holders of any shares of the Company, any one of such persons may vote at the EGM either personally, or by proxy, in respect of such shares of the Company as if he were solely entitled thereto, and if more than one of such joint holders are present at the EGM personally or by proxy, the joint holder whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote.

4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjourned meeting thereof and in such event, the form of proxy shall be deemed to be revoked.

5. The register of members of the Company will be closed from Monday, 9 September 2019 to Thursday, 12 September 2019, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to ascertain shareholders' rights for the purpose of attending and voting at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 6 September 2019.