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

If you have sold or transferred all your shares in Hifood Group Holdings Co., Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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HIFOOD GROUP HOLDINGS CO., LIMITED

海福德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 442)

**MAJOR TRANSACTION
ACQUISITIONS OF LISTED SECURITIES**

A letter from the Board is set out on pages 3 to 6 of this Circular.

19 September 2019

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DEFINITIONS

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

“Articles”	the articles of association adopted by the Company, and as amended from time to time by resolution of the Shareholders
“Board”	the board of Directors
“Circular”	means this circular
“China U-Ton”	China U-Ton Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6168)
“China U-Ton Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of China U-Ton
“China U-Ton Share Acquisitions”	the acquisitions by the Group on the open market through the Stock Exchange of an aggregate of 177,140,000 China U-Ton Shares conducted on 14 August 2019 at an aggregate consideration of approximately HK\$54,916,000 (exclusive of transaction cost)
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Hifood Group Holdings Co., Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 September 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this Circular prior to its publication

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	as defined in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Previous China U-Ton Share Acquisitions”	the acquisitions by the Group on the open market through the Stock Exchange of an aggregate of 23,400,000 China U-Ton Shares conducted on 11 July 2019 at an aggregate consideration of approximately HK\$14,742,000 (exclusive of transaction cost)
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD

HIFOOD GROUP HOLDINGS CO., LIMITED

海福德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 442)

Executive Directors:

Mr. Li Neng (*Chairman*)
Mr. Zhao Minhao (*Chief Executive Officer*)
Mr. Zhao Yeyong

Independent non-executive Directors:

Mr. Ting Tit Cheung
Mr. Chan Chi Kuen
Mr. Lo Chun Pong

Registered office:

Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

*Place of business and headquarter
in Hong Kong:*

Unit 3701-09
37/F, Two International
Finance Centre
8 Finance Street
Central
Hong Kong

19 September 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
ACQUISITIONS OF LISTED SECURITIES**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 16 August 2019 and 17 August 2019 respectively in relation to, among other things, the major transaction in respect of acquisition of listed securities.

The Company has obtained a written approval from HNA Aviation Investment Holding Company Ltd., our controlling shareholder, for the China U-Ton Share Acquisitions. Accordingly, the China U-Ton Share Acquisitions have been approved in writing by HNA Aviation Investment Holding Company Ltd. pursuant to Rule 14.44 of the Listing Rules, and no general meeting of the Company is required to be convened.

LETTER FROM THE BOARD

The purpose of this Circular is to provide you, among others:

- (a) details of the China U-Ton Share Acquisitions;
- (b) certain financial information of the Group; and
- (c) such other information as required under the Listing Rules.

II. THE CHINA U-TON SHARE ACQUISITIONS

Through a series of acquisitions on 14 August 2019, the Company further acquired on the open market a total of 177,140,000 China U-Ton Shares (representing approximately 8.40% of the total issued share capital of China U-Ton as at the Latest Practicable Date) at an aggregate consideration of approximately HK\$54,916,000 (exclusive of transaction costs). The average price (exclusive of transaction costs) for the China U-Ton Share Acquisitions of each China U-Ton Shares is approximately HK\$0.31, which represents a premium of approximately 4.8% over the closing price of HK\$0.295 per China U-Ton Share as quoted on the Stock Exchange on the Latest Practicable Date.

The price the Company paid for in each transaction of the China U-Ton Share Acquisitions was the market price of the China U-Ton Shares and was settled in cash from internal resources of the Group.

As the China U-Ton Share Acquisitions were made through the open market, the Company is not aware of the identities of the sellers of the China U-Ton Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the China U-Ton Shares and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

III. INFORMATION RELATING TO THE GROUP

The Group is principally involved in the manufacture and sale of jewellery and related products.

IV. INFORMATION RELATING TO CHINA U-TON

Based on public documents of China U-Ton, China U-Ton is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6168). The group of China U-Ton is principally engaged in the provision of underground optical fiber deployment, low-voltage equipment integration, provision of application services and pipeline maintenance services, as well as the research and development of technologies for installing optical fiber in pipelines.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, China U-Ton is a third party independent of the Company and its connected persons.

LETTER FROM THE BOARD

The following financial information is extracted from the public documents of China U-Ton:

	As at/for the six months ended 30 June 2019 <i>RMB'000</i>	As at/for the year ended 31 December 2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Continuing operations			
Revenue	52,822	202,697	171,929
Loss before income tax	(88,833)	(198,807)	(178,046)
Income tax expenses	(74)	(4,098)	(1,554)
Loss for the period/year	(88,907)	(202,095)	(179,600)
Discontinued operations			
Profit/(loss) for the period/year	—	3,767	(5,883)
Net assets	174,477	244,522	296,111

V. FINANCIAL EFFECTS OF THE CHINA U-TON SHARE ACQUISITIONS

The China U-Ton Share Acquisitions decreased the amount of cash of the Group by the amount of consideration paid for the China U-Ton Share Acquisitions. The China U-Ton Share Acquisitions are expected to have no material impact on the consolidated assets and the earnings of the Group. The accounting treatment of the investment in China U-Ton is investments as follows:

The Group recognises its investment as financial assets at fair value through profit or loss (FVPL) as the investment is held for trading. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the profit or loss.

VI. PREVIOUS CHINA U-TON SHARE ACQUISITIONS

On 11 July 2019, the Company acquired an aggregate of 23,400,000 China U-Ton Shares on the open market through the Stock Exchange for an aggregate consideration of approximately HK\$14,742,000 (exclusive of transaction costs).

As a result of the China U-Ton Share Acquisitions, as at the Latest Practicable Date, the Company holds 200,540,000 China U-Ton Shares (representing approximately 9.51% of the total issued share capital of China U-Ton as at the Latest Practicable Date).

LETTER FROM THE BOARD

VII. REASONS AND BENEFITS OF THE CHINA U-TON SHARE ACQUISITIONS

Taking into account of the factors, which includes (i) the future prospects of the construction of optical fiber broadband network in which the group of China U-Ton is engaged; (ii) the expected performance of Beijing Yourui Jiahe Electronic Technology Co., Ltd.* (北京優瑞嘉和電子科技有限公司), of China U-Ton (the performance guarantee provided in the share purchase agreement is detailed in the announcements of China U-Ton dated 20 October 2017, 19 January 2018, 12 February 2018 and 16 August 2019); and (iii) the potential arbitration reward to a subsidiary of China U-Ton (details of the arbitration can be referred to the announcements of China U-Ton dated 20 September 2018, 26 September 2018, 25 October 2018, 17 January 2019, 28 February 2019, 28 March 2019, 28 April 2019, 28 May 2019, 28 June 2019 and 29 July 2019), the Company considers that the China U-Ton Acquisitions are optimal investment for the Company.

As the China U-Ton Share Acquisitions were made at market price, the Directors are of the view that the China U-Ton Share Acquisitions were fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

VIII. IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules for the China U-Ton Share Acquisitions, when aggregated with the Previous China U-Ton Share Acquisitions which were conducted within 12 months of the China U-Ton Share Acquisitions, exceeds 25% but are less than 75%, the China U-Ton Share Acquisitions, when aggregated with the Previous China U-Ton Share Acquisitions, constitute a major transaction for the Company.

As far as the Company is aware, none of the shareholders of the Company is materially interested in the China U-Ton Share Acquisitions. Therefore, under Rule 14.44 of the Listing Rules, as no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the China U-Ton Share Acquisitions, written approval has been obtained from HNA Aviation Investment Holding Company Ltd., our controlling shareholder holding 129,372,494 ordinary shares of the Company, representing approximately 74.96% of the issued share capital of the Company as at the Latest Practicable Date, in lieu of holding a general meeting.

IX. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Hifood Group Holdings Co., Limited
Li Neng
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2017, 2018 and 2019 was disclosed in the annual reports of the Company for the years ended 31 March 2017 (pages 61 to 136), 2018 (pages 67 to 152) and 2019 (pages 66 to 156), respectively, all of which can be found on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.ktl.com.hk>).

2. INDEBTEDNESS STATEMENT

As at 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$10,710,000 and lease liabilities of approximately HK\$242,000, details of which are set out below:

	Unguaranteed but secured <i>HK\$'000</i> (Unaudited)	Unsecured and unguaranteed <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Borrowings			
— Other borrowings	10,710	—	10,710
Lease liabilities	<u>—</u>	<u>242</u>	<u>242</u>
Total	<u><u>10,710</u></u>	<u><u>242</u></u>	<u><u>10,952</u></u>

As at 31 July 2019, trade receivables of HK\$10,710,000 were pledged to secure other borrowings amounting to HK\$10,710,000.

Save as disclosed above or as otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 31 July 2019, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages and charges, guarantees or material contingent liabilities.

3. WORKING CAPITAL STATEMENT

As at 31 July 2019, the Group had cash and bank balances of approximately HK\$135.3 million. The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available, including internally generated funds, the Group has sufficient working capital for its present requirements for at least twelve months from the date of this Circular in the absence of unforeseeable circumstances.

4. NO 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 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Reference is made to the annual report of the Group for the year ended 31 March 2019.

Looking ahead, in tune with the broader economic concerns, the trade war between the U.S. and the PRC and resultant retaliatory tariff measures, higher interest rates as well as uncertainty over Britain's departure from the E.U. are all negatively affecting the global economy, threatening higher risks of a recession and would weigh on businesses' long-term commitments and capital investment.

Likewise, to prepare themselves if and when the economy turns, it is also expected that average consumers are going to be very cautious and careful about spending in 2019. These rising headwinds, together with an intense online competition pushing jewellers to make investments in new technologies to augment both their physical and digital channels, suggest a perfect storm could be brewing for the traditional fine jewellery market which would see further consolidation.

In view of these, we will continue to enhance our management resources and cost efficiency to optimise our production capacity. We will leverage our established corporate brand name and proven design capabilities to enrich our range of jewellery products. We are constantly committed to strengthening our partnerships with our customers and adjusting our production resources, capacity and cycle to better cater to varied product lead time, consumer preferences and festive shopping practices in different markets.

Concurrently, we will continue to be on the lookout for new opportunities both locally and abroad, which is expected to provide an additional boost to our future growth. Taking into account of the future prospects of the construction of optical fiber broadband network in which the group of China U-Ton is engaged, and the significant potential in the increase in its share price, the Company considers that the China U-Ton Acquisitions are optimal investment for the Company. In addition, having considered the improving financial performance of Xiezhong International, the Company considers that the Xiezhong International Share Acquisitions are attractive investment and can enhance the returns on investment for the Company.

As at the Latest Practicable Date, the Company is not in negotiation of, or has entered into any agreement, arrangement, undertaking and understanding in relation to disposal of its existing business or has any intention to scale down its existing business.

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

The following unaudited pro forma condensed consolidated statement of assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared on the basis of the notes set out below for the purpose of illustrating the effects on the assets and liabilities of the Group as if the Transaction (to be defined below) had been completed on 31 March 2019.

The Unaudited Pro Forma Financial Information of the Group as at 31 March 2019 has been prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 March 2019, as set out in its published annual report for the year ended 31 March 2019; and (ii) the pro forma adjustment prepared to reflect the effects of the acquisitions of 177,140,000 China U-Ton Shares on the open market on 14 August 2019 (the “Transaction”) as explained in the notes set out below that are directly attributable to the Transaction and not relating to future events or decisions and are factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors for illustrative purposes only and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Group had the Transaction been completed as at 31 March 2019 or any future date.

	Audited consolidated statement of assets and liabilities of the Group as at 31 March 2019 HK\$'000 (Note 1)	Pro forma adjustment HK\$'000 (Note 2)	Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 March 2019 HK\$'000
Non-current assets			
Property, plant and equipment	4,372	—	4,372
Interests in a joint venture	113	—	113
Financial asset at fair value through profit or loss	<u>16,189</u>	<u>—</u>	<u>16,189</u>
	<u>20,674</u>	<u>—</u>	<u>20,674</u>
Current assets			
Inventories	31,088	—	31,088
Trade receivables	51,569	—	51,569
Investments at fair value through profit or loss	—	54,916	54,916
Repayment, deposit and other receivables	3,730	—	3,730
Cash and bank balances	<u>270,808</u>	<u>(55,113)</u>	<u>215,695</u>
	<u>357,195</u>	<u>(197)</u>	<u>356,998</u>
Total assets	<u><u>377,869</u></u>	<u><u>(197)</u></u>	<u><u>377,672</u></u>

	Audited consolidated statement of assets and liabilities of the Group as at 31 March 2019 HK\$'000 (Note 1)	Pro forma adjustment HK\$'000 (Note 2)	Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 March 2019 HK\$'000
Current liabilities			
Trade and other payables	28,515	—	28,515
Contract liabilities	1,598	—	1,598
Tax payable	<u>245</u>	<u>—</u>	<u>245</u>
Total liabilities	<u><u>30,358</u></u>	<u><u>—</u></u>	<u><u>30,358</u></u>
Net assets	<u><u>347,511</u></u>	<u><u>(197)</u></u>	<u><u>347,314</u></u>

Notes:

- The figures are derived from the audited consolidated statement of financial position of the Group as at 31 March 2019, as set out in the published annual report of the Group for the year ended 31 March 2019.
- The adjustment represents the cash consideration paid by the Group to acquire 177,140,000 China U-Ton Shares on the open market in connection with the Transaction. In addition, the Group incurred transaction cost of approximately HK\$197,000, which were directly attributable to the Transaction and were expensed in profit or loss.
- Apart from the Transaction, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2019. The Group's acquisition of an aggregate of 23,400,000 China U-Ton Shares on 11 July 2019 has not been taken into consideration when preparing the Unaudited Pro Forma Financial Information.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV to the SFO) which (a) have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of SFO); or (b) have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (c) have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to the Company, the following persons (other than the Directors and chief executive of the Company) had, or were deemed to have, interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Long position/ Short position	Capacity/nature of interest	Interest in shares and underlying shares of the company	Approximate percentage of the issued share capital of the Company
HNA Aviation Investment Holding Company Ltd. (Note 1)	Long	Beneficial owner	129,372,494	74.96%
HNA Aviation (Hong Kong) Holdings Co., Limited	Long	Interest of a controlled corporation	129,372,494	74.96%

Name	Long position/ Short position	Capacity/nature of interest	Interest in shares and underlying shares of the company	Approximate percentage of the issued share capital of the Company
HNA Tourism (International) Investment Group Co., Ltd.	Long	Interest of a controlled corporation	129,372,494	74.96%
HNA Tourism International (Hong Kong) Co., Limited	Long	Interest of a controlled corporation	129,372,494	74.96%
HNA Tourism Group Limited	Long	Interest of a controlled corporation	129,372,494	74.96%
HNA Group Co., Ltd.	Long	Interest of a controlled corporation	129,372,494	74.96%
Hainan Traffic Administration Holding Co. Ltd.	Long	Interest of a controlled corporation	129,372,494	74.96%
Tang Dynasty Development (Yangpu) Company Limited	Long	Interest of a controlled corporation	129,372,494	74.96%
Hainan Province Cihang Foundation	Long	Interest of a controlled corporation	129,372,494	74.96%
China Huarong Asset Management Co., Ltd. (Note 2)	Long	Security interest	129,372,494	74.96%

Note:

- HNA Aviation Investment Holding Company Ltd. is a wholly owned subsidiary of HNA Aviation (Hong Kong) Holdings Co., Limited which is owned as to 51.28% by HNA Tourism (International) Investment Group Co., Limited. HNA Tourism (International) Investment Group Co., Limited is a wholly owned subsidiary of HNA Tourism International (Hong Kong) Co., Limited. HNA Tourism International (Hong Kong) Co., Limited is a wholly owned subsidiary of HNA Tourism Group Limited (“海航旅游集團有限公司”). HNA Group Co., Ltd. owns 69.96% of HNA Tourism Group Limited (“海航旅游集團有限公司”). HNA Group Co., Ltd. is owned as to 70% by Hainan Traffic Administration Holding Co. Ltd.. Hainan Traffic Administration Holding Co. Ltd. is owned as to 50% by Tang Dynasty Development (Yangpu) Company Limited. Tang Dynasty Development (Yangpu) Company Limited is owned as to 65% by Hainan Province Cihang Foundation.

To the best of the Directors’ knowledge, information and belief, Cihang Sino-Western Cultural and Educational Exchange Foundation Limited after 31 August 2018 directly held 100% shareholdings of Pan-American Aviation Holding Company which in turn directly held 98% shareholdings of Tang Dynasty Development Company Limited which in turn directly held 35% shareholdings of Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司).

2. According to the disclosure of interest notice filed by China Huarong Asset Management Co., Ltd. on 12 September 2017 (“**CHAM Notice**”), Option Best Holdings Limited (“**Option Best**”) held direct interest in 129,372,494 underlying Shares and is a wholly-owned subsidiary of Linewear Assets Limited (“**Linewear Assets**”). Linewear Assets is a wholly-owned subsidiary of Huarong International Financial Holdings Limited (“**HIFH**”). HIFH is owned as to 51% by Camellia Pacific Investment Holding Limited (“**CPIH**”). CPIH is a wholly-owned subsidiary of China Huarong International Holdings Limited (“**CHIH**”). CHIH is held as to 11.90% by Huarong Zhiyuan Investment & Management Co., Ltd. (“**HZIM**”) and as to 88.10% by Huarong Real Estate Co., Ltd. (“**HRE**”). Each of HZIM and HRE is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd.. Accordingly, Linewear Assets, HIFH, CPIH, CHIH, HZIM, HRE and China Huarong Asset Management Co., Ltd. are deemed to be interested in the underlying Shares held by Option Best by virtue of the provisions of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTOR’ INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2019 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTOR’ INTEREST IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

6. MATERIAL CONTRACTS

On 12 July 2017, KTL (Guangzhou) Jewellery Limited* (雅和(廣州)首飾有限公司), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Charmacy Pharmaceutical Co., Ltd. 創美藥業股份有限公司, a company established in the PRC in relation to the disposal of two blocks of industrial building erected on the land situated at Guangzhou, Guangdong Province, the PRC at the consideration of RMB131,000,000.

On 26 October 2018, KTL Management Limited and K.T.L. Jewellery Manufacturer Limited, each of which a wholly-owned subsidiary of the Company, entered into two provisional agreements (the “**Provisional Agreements**”) with the Purchaser in relation to disposal of two properties situated at Kowloon, Hong Kong, at the aggregate consideration of HK\$48,000,000.

Save as disclosed above, as at the Latest Practicable Date, the Group has not entered into any material contracts (being a contract not entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) within two years immediately preceding the date of this Circular which are or may be material.

7. LITIGATION

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

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its report or letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, PricewaterhouseCoopers was not interested in any shares in the Company or any member of the Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in the Company or any member of the Group.

As at the Latest Practicable Date, PricewaterhouseCoopers had no interest, direct or indirect, in any assets which had been, since 31 March 2019 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not determinable by the Company or such member of the Group within one year without payment of compensation (other than statutory compensation).

10. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in businesses which compete or are likely to compete, either directly or indirectly, with business of the Group the interests of which would be required to be disclosed under Rule 8.10 of the Listing Rules if the relevant Director were a controlling shareholder of the Company.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Chau Chi Lai. He has been a Chartered Accountant of Canada since March 2002 and a Chartered Financial Analyst charterholder since July 2002. He has also been a fellow member of the Hong Kong Institute of Certified Public Accountant since October 2012, a member of American Institute of Certified Public Accountant since April 2003. He has been licensed by the State of New Hampshire Board of Accountancy as a certified public accountant since November 2002 and State of Oregon Board of accountancy since December 2007, and a chartered professional accountant of Quebec, Canada since May 2012.
- (b) The principal share registrar of the Company is Estera Trust (Cayman) Limited located at Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The Hong Kong share registrar of the Company is Tricor Investor Services Limited located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Circular prevails over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong), at Unit 3701-09, 37/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong for a period of 14 days from the date of this Circular:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company containing audited consolidated financial statements of the company for the two years ended 31 March 2018 and 2019;
- (iii) the letter from the Board, the text of which is set out on pages 3 to 6 of this Circular;
- (iv) the Sale and Purchase Agreement;
- (v) the Provisional Agreements;

- (vi) the report from PricewaterhouseCoopers in respect of the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II to this Circular;
- (vii) the letter of consent referred to in the paragraph headed “Expert and Consent” above;
- (viii) the written approval given by HNA Aviation Investment Holding Company Ltd., our controlling shareholder, for the China U-Ton Share Acquisitions; and
- (ix) this Circular.