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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Fantasia Holdings Group Co., Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. This circular is not, and does not form any part of, an offer to buy or sell or the solicitation of an offer to buy or sell any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, and may not be offered, sold or otherwise transferred within the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of any offering referred to herein in the United States.

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花 樣 年

FANTASIA

**Fantasia Holdings Group Co., Limited**

**花樣年控股集團有限公司**

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

**(Stock Code: 1777)**

### RESTRUCTURING OF OFFSHORE DEBT

- (1) ISSUANCE OF SCHEME CREDITOR SHARES UNDER SPECIFIC MANDATE  
AND RELATED CONNECTED TRANSACTION
- (2) ISSUANCE OF MANDATORY CONVERTIBLE BONDS DUE 2027  
AND RELATED CONNECTED TRANSACTION
- (3) ISSUANCE OF SHORT TERM NOTES DUE 2031  
AND RELATED CONNECTED TRANSACTION
- (4) ISSUANCE OF LONG TERM NOTES DUE 2034  
AND RELATED CONNECTED TRANSACTION
- (5) ISSUANCE OF SCHEME FEE SHARES UNDER SPECIFIC MANDATE  
AND RELATED CONNECTED TRANSACTION
- (6) CONNECTED TRANSACTION IN RELATION  
TO CAPITALISATION OF SHAREHOLDER LOANS
- (7) INCREASE IN AUTHORISED SHARE CAPITAL
- (8) PROPOSED SHARE CONSOLIDATION
- (9) PROPOSED CHANGE IN BOARD LOT SIZE

AND

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the  
Independent Board Committee and Independent Shareholders**



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

A letter from the Board is set out on pages 14 to 70 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 71 to 72 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 73 to 146 of this circular.

A notice convening the EGM to be held at 10 a.m. on Friday, 15 May 2026 at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC is set out on pages EGM-1 to EGM-5 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Such form of proxy is also published on the Stock Exchange's HKEx news website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cnfantasia.com](http://www.cnfantasia.com). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

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## DEFINITIONS

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

“Ad Hoc Group”	an ad hoc group of Existing Noteholders as at the date of the RSA who have assisted and devoted significant time to negotiate the terms of the Proposed Debt Restructuring
“Ad Hoc Group Work Fee Letter”	the work fee letter dated 1 August 2025 made between the Company and the Ad Hoc Group (as amended from time to time)
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Announcements”	the announcement of the Company dated 13 March 2026 in relation to, among other things, the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares, the Loan Capitalisation and the Increase in Authorised Share Capital, and the announcement of the Company dated 24 April 2026 in relation to, among other things, the Share Consolidation and Change in Board Lot Size
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capitalisation Shares”	4,376,483,544 new Existing Shares to be allotted and issued pursuant to the Loan Capitalisation
“Cayman Court”	the Grand Court of the Cayman Islands
“Cayman Scheme”	the scheme of arrangement between the Company and the Scheme Creditors proposed to be made under section 86 of the Cayman Companies Act (2025 Revision) subject to any modification, addition or condition approved or imposed by the Cayman Court and/or otherwise approved in accordance with its terms

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## DEFINITIONS

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“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 1,500 Existing Shares to 5,000 Consolidated Shares
“Change of Control”	among other events, <ul style="list-style-type: none"><li>(i) the Company merges with or into another person or sells all or substantially all of its assets to another person;</li><li>(ii) Pan Jun or Ms. Zeng (or their estate or trust or certain of their affiliates) are the beneficial owners of less than 15% of the Shares or are the beneficial owners of a smaller portion of the Shares than the portion beneficially owned by any other person (including any group of persons who have agreed to act together for the purpose of acquiring, holding voting or disposing of the Shares);</li><li>(iii) the current Directors (together with any new Directors approved by at least two-thirds of the current Directors) cease to constitute a majority of the Board; or</li><li>(iv) the adoption of a plan relating to the liquidation or dissolution of the Company, in each case subject to certain exceptions</li></ul>
“Closing Price”	with respect to the Shares for any Trading Day, the price published in the daily quotation sheet published by the Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day
“Colour Life”	Colour Life Services Group Co., Limited (stock code: 1778), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange

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## DEFINITIONS

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“Colour Life Shares”	185,568,838 shares of Colour Life, which were beneficially owned by the Company as at the Latest Practicable Date
“Company”	Fantasia Holdings Group Co., Limited (stock code: 1777), 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 to it under the Listing Rules
“Consent Fee Share(s)”	173,935,261 new Existing Shares to be allotted and issued to the Participating Creditors holding Early Eligible Participating Debt as at the Early Consent Fee Deadline who have validly elected to receive the early consent fee in the form of new Existing Shares in accordance with the terms of the RSA
“Consolidated Share(s)”	ordinary share(s) of par value HK\$0.50 each in the share capital of the Company upon the Share Consolidation becoming effective
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Early Consent Fee Deadline”	5:00 p.m. Hong Kong time on 3 October 2025
“Early Eligible Participating Debt”	any such participating debt which became subject to the RSA by any Participating Creditor on or prior to the Early Consent Fee Deadline
“EGM”	the extraordinary general meeting of the Company to be held at 10 a.m. on Friday, 15 May 2026 at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC or any adjournment thereof, notice of which is set out on pages EGM-1 to EGM-5 of this circular
“Existing Additional Debt Instruments”	has the meaning as defined in the section headed “Existing Additional Debt Instruments” in the letter from the Board of this circular

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## DEFINITIONS

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“Existing Noteholder”	a person with an economic or beneficial interest in the Existing Notes as principal and often described (non-technically) as being a ‘bondholder’ or ‘noteholder’
“Existing Notes”	has the meaning as defined in the section headed “Existing Notes” in the letter from the Board of this circular
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company before the Share Consolidation becomes effective
“Fantasia Group China”	Fantasia Group (China) Co., Ltd. (花樣年集團(中國)有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company as at the Latest Practicable Date
“Fantasia Investment”	Fantasia Investment Holdings Company Limited, a company incorporated under the laws of Hong Kong with limited liability and a subsidiary of the Company as at the Latest Practicable Date
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong and any court capable of hearing appeals therefrom
“Hong Kong Scheme”	the scheme of arrangement proposed by the Company as approved by the Scheme Creditors and the Hong Kong Court with or without modification and implemented in accordance with its terms as sanctioned
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$800,000,000 divided into 8,000,000,000 Existing Shares to HK\$3,000,000,000 divided into 30,000,000,000 Existing Shares by creating an additional 22,000,000,000 unissued Existing Shares
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors who do not have a material interest in the matters to be considered at the EGM, namely Mr. Leung Yiu Cho and Mr. Ma Yu-heng
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who is appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation
“Independent Shareholders”	Shareholders other than Ms. Zeng, Ice Apex Limited and Fantasy Pearl International Limited
“Last Trading Day”	13 March 2026
“Latest Practicable Date”	24 April 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalisation”	the settlement of the Shareholder Loans in the aggregate outstanding principal amount of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063) by way of issuance of Capitalisation Shares

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## DEFINITIONS

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“LTN”	3% guaranteed and secured notes due 2034 to be issued by the Company on the Restructuring Effective Date, as part of the Scheme Consideration
“MCB”	USD501,183,055 (equivalent to approximately HK\$3,909,227,829) zero coupon mandatory guaranteed convertible bonds due 2027 convertible at the initial MCB Conversion Price of HK\$1.52 per new Existing Share
“MCB Conversion Price”	the price per MCB Conversion Share (subject to adjustments) at which the MCB may be converted into Shares
“MCB Conversion Share(s)”	the Share(s) to be allotted and issued upon conversion of the MCB pursuant to the terms and conditions thereof
“Mr. Guo”	Mr. Guo Shaomu, an independent non-executive Director
“Ms. Zeng”	Ms. Zeng Jie, Baby, the controlling Shareholder and a non-executive Director
“New Shareholder Loan”	the 8% unsecured shareholder loan in the principal amount of USD6,000,000 (equivalent to HK\$46,800,000) to be provided or procured by Ms. Zeng, through Fantasy Pearl International Limited, details of which are set out in the Announcement dated 13 March 2026
“OCP Loan”	the USD149,000,000 credit facility pursuant to the facility agreement originally dated 20 December 2019, as amended and restated from time to time, between, among others, An Chuang Group Limited* (安創集團有限公司) as issuer, the Company and Madison Pacific Trust Limited as agent
“Option(s)”	any of the three options for Scheme Consideration, designed to enable each Scheme Creditor to ‘pick and choose’ what Scheme Consideration is best suited to their individual circumstances
“Participating Creditor”	any Scheme Creditor who has agreed to be bound by the RSA as a participating creditor in accordance with the terms of the RSA

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## DEFINITIONS

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“PRC”	the People’s Republic of China, excluding for the purpose of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“Project Moonlight Secured Account”	has the meaning as defined in the section headed “3. STN” in the letter from the Board of this circular
“Proposed Debt Restructuring”	the financial restructuring of certain offshore indebtedness of the Group in accordance with and as intended to be implemented through the Schemes
“Record Time”	the cut-off date when interests of each Scheme Creditor are assessed and need to be recorded for the purposes of each Scheme
“RED Mandatory Conversion”	has the meaning as defined in the section headed “2. MCB” in the letter from the Board of this circular
“Registrar”	the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited
“Relevant Event”	the occurrence of any of the following events: <ul style="list-style-type: none"><li>(i) when the Shares cease to be listed or admitted to trading on the Stock Exchange (or if applicable, the Alternative Stock Exchange);</li><li>(ii) when the Shares are suspended for trading for a period equal to or exceeding 60 consecutive Trading Days on the Stock Exchange (or if applicable, the Alternative Stock Exchange); or</li><li>(iii) when there is a Change of Control</li></ul>
“Relevant Event Redemption Notice Period”	the period of 30 days following a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to the holders of the MCB by the Company in accordance with the terms and conditions of the MCB

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## DEFINITIONS

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“Restricted Subsidiary”	any subsidiary of the Company unless excluded by the Company in the manner described under the terms and conditions of the MCB and such excluded company’s subsidiaries. As at the Latest Practicable Date, the only excluded subsidiary in contemplation is Sky Ease Global Limited, which has been excluded as it is the debtor under the new debt issued in connection with the TFI Restructuring Agreement
“Restructuring Announcements”	the announcements of the Company dated 4 August 2025, 3 September 2025, 23 September 2025, 3 October 2025, 8 October 2025, 8 January 2026, 16 January 2026, 22 January 2026, 26 January 2026, 30 January 2026 and 16 March 2026 in relation to the Proposed Debt Restructuring
“Restructuring Effective Date”	the effective date of the Proposed Debt Restructuring
“RMB”	Renminbi, the lawful currency of the PRC
“RSA”	the restructuring support agreement dated 1 August 2025 entered into by the Company and the initial consenting creditors as amended, supplemented and/or restated from time to time, including by accession or cessation of parties thereto
“Scheme Consideration”	collectively, the STN, LTN, Scheme Creditor Shares and MCB
“Scheme Creditor(s)”	any person who has a beneficial interest as principal under any of the Existing Notes and/or Existing Additional Debt Instruments as at the Scheme Record Date

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## DEFINITIONS

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“Scheme Creditors’ Claims”	as applicable, the aggregate amount of (a) the principal of the Existing Notes owned or held by each Scheme Creditor as is payable and outstanding at the Record Time; and (b) the principal of the Existing Additional Debt Instruments owned or held by each Scheme Creditor as is payable and outstanding at the Record Time, and any other claim or liability whatsoever or howsoever arising under or related to any Existing Notes and Existing Additional Debt Instruments. As at the Scheme Record Date, there was no claim or liability arising under or related to the Existing Notes or Existing Additional Debt Instruments other than those described in (a) and (b) above
“Scheme Creditor Share(s)”	5,143,723,515 new Existing Shares to be allotted and issued as part of the Scheme Consideration
“Scheme Fee Share(s)”	collectively, the Consent Fee Shares and Work Fee Shares
“Scheme Meetings”	collectively, the meetings of Scheme Creditors convened in accordance with the order from the Hong Kong Court and the order from the Cayman Court for approving the Hong Kong Scheme and the Cayman Scheme, respectively
“Scheme Record Date”	the date designated for the determination of entitlement to the Scheme Consideration, being 12 February 2026
“Schemes”	the Hong Kong Scheme and Cayman Scheme
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the context may require
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of par value HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$0.50 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Loans”	has the meaning as defined in the section headed “Shareholder Loans” in the letter from the Board of this circular

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## DEFINITIONS

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“STN”	3% guaranteed and secured notes due 2031 to be issued by the Company on the Restructuring Effective Date, as part of the Scheme Consideration, consent fee(s) payable pursuant to the RSA and/or additional work fee payable pursuant to the Ad Hoc Group Work Fee Letter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the Scheme Creditors and Ad Hoc Group who will be allotted and issued the Scheme Creditor Shares, MCB, STN, LTN and/or Scheme Fee Shares on the Restructuring Effective Date
“Subsidiary Guarantors”	Fantastic Victory Limited, Fantasia Investment, Fantasia Financial Community Group Co., Ltd., Fantasia Financial Community Group (Hong Kong) Co., Limited and Hong Kong Huawanli Trading Co., Limited, each a subsidiary of the Company as at the Latest Practicable Date
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“TFI Restructuring Agreement”	the deed of restructuring dated 2 January 2026 and entered into among the Company, TFI Securities and Futures Limited and Splendid Fortune Enterprise Limited, completion of which occurred on 12 March 2026
“Trading Day”	a day when the Stock Exchange or, as the case may be an Alternative Stock Exchange is open for the business of dealing in securities, provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days
“USD”	United States Dollar, the lawful currency of the United States of America

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## DEFINITIONS

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“Voluntary Conversion Period End Date”	(a) the date falling 10 Trading Days prior to the maturity date of the MCB; (b) if such MCB shall have been called for redemption by the Company before the maturity date of the MCB, then the date falling 10 Trading Days prior to the date fixed for redemption thereof; or (c) if notice requiring redemption has been given by the holder of such MCB, then the Trading Day prior to the giving of such notice
“Work Fee Share(s)”	1,363,891,506 new Existing Shares to be allotted and issued to the Ad Hoc Group in accordance with the terms of the Ad Hoc Group Work Fee Letter

*In this circular, translation of RMB into HK\$ and USD into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.083333 and USD1.00 to HK\$7.80, respectively. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.*

*\* for identification purpose only*

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## EXPECTED TIMETABLE

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*The expected timetable for the Share Consolidation and Change in Board Lot Size is set out below. The expected timetable is subject to the outcome of the EGM and satisfaction of the conditions of the Share Consolidation and Change in Board Lot Size and therefore the dates are tentative only.*

Expected date of despatch of circular, notice of the EGM and  
the form of proxy for the EGM . . . . . on or before  
Wednesday, 29 April 2026

Latest date and time for lodging transfer documents  
in order to qualify for attending and voting  
at the EGM . . . . . 4:30 p.m. on  
Monday, 11 May 2026

Closure of register of members for determining  
entitlement to attend and vote at the EGM  
(both dates inclusive) . . . . . Tuesday, 12 May 2026 to  
Friday, 15 May 2026

Latest date and time for lodging proxy forms for the EGM  
(not less than 48 hours before the time of the EGM) . . . . . 10:00 a.m. on  
Wednesday, 13 May 2026

Record date for the EGM . . . . . Friday, 15 May 2026

Expected date and time of the EGM . . . . . 10:00 a.m. on  
Friday, 15 May 2026

Publication of announcement of poll results of the EGM . . . . . Friday, 15 May 2026

Effective date of the Share Consolidation . . . . . Monday, 3 August 2026

Commencement of dealings in the Consolidated Shares . . . . . 9:00 a.m. on  
Monday, 3 August 2026

First day of free exchange of existing share certificates  
for the Existing Shares into new share certificates  
for the Consolidated Shares . . . . . Monday, 3 August 2026

Original counter for trading in the Existing Shares  
in board lots of 1,500 Existing Shares  
(in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on  
Monday, 3 August 2026

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## EXPECTED TIMETABLE

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Temporary counter for trading in the Consolidated Shares in board lots of 300 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Monday, 3 August 2026
Effective date of the Change in Board Lot Size . . . . .	Monday, 17 August 2026
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens . . . . .	9:00 a.m. on Monday, 17 August 2026
Commencement of parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) . . . . .	9:00 a.m. on Monday, 17 August 2026
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares . . . . .	9:00 a.m. on Monday, 17 August 2026
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares . . . . .	4:00 p.m. on Friday, 4 September 2026
Cessation of parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) . . . . .	4:10 p.m. on Friday, 4 September 2026
Temporary counter for trading in the Consolidated Shares in board lots of 300 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Friday, 4 September 2026
Last day for free exchange of existing share certificates into new share certificates for the Consolidated Shares . . . . .	Tuesday, 8 September 2026

All times and dates in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above, and in other parts of this circular, are indicative only and may be extended or varied by the Company. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

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LETTER FROM THE BOARD

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花樣年

FANTASIA

**Fantasia Holdings Group Co., Limited**

**花樣年控股集團有限公司**

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

**(Stock Code: 1777)**

*Executive Directors:*

Mr. Lin Zhifeng  
Mr. Timothy David Gildner

*Non-executive Directors:*

Ms. Zeng Jie, Baby  
Mr. Su Boyu

*Independent non-executive Directors:*

Mr. Leung Yiu Cho  
Mr. Guo Shaomu  
Mr. Ma Yu-heng

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

21/F., CMA Building  
64 Connaught Road Central  
Hong Kong

29 April 2026

*To the Shareholders*

Dear Sir/Madam,

- (1) ISSUANCE OF SCHEME CREDITOR SHARES UNDER  
SPECIFIC MANDATE AND RELATED CONNECTED TRANSACTION**  
**(2) ISSUANCE OF MANDATORY CONVERTIBLE BONDS DUE 2027 AND  
RELATED CONNECTED TRANSACTION**  
**(3) ISSUANCE OF SHORT TERM NOTES DUE 2031 AND  
RELATED CONNECTED TRANSACTION**  
**(4) ISSUANCE OF LONG TERM NOTES DUE 2034 AND  
RELATED CONNECTED TRANSACTION**  
**(5) ISSUANCE OF SCHEME FEE SHARES UNDER SPECIFIC MANDATE  
AND RELATED CONNECTED TRANSACTION**  
**(6) CONNECTED TRANSACTION IN RELATION TO CAPITALISATION  
OF SHAREHOLDER LOANS**  
**(7) INCREASE IN AUTHORISED SHARE CAPITAL**  
**(8) PROPOSED SHARE CONSOLIDATION**  
**(9) PROPOSED CHANGE IN BOARD LOT SIZE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements in relation to, among other things, the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares, the Loan Capitalisation, the Increase in Authorised Share Capital, the Share Consolidation and the Change in Board Lot Size.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (1) further information on the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares, the Loan Capitalisation, the Increase in Authorised Share Capital, the Share Consolidation and Change in Board Lot Size; (2) a letter from the Independent Board Committee in respect of the connected transactions in relation to the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation; (3) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and Independent Shareholders; and (4) the notice convening the EGM.

### BACKGROUND

The Company obtained sufficient support from the Scheme Creditors at the Scheme Meetings which were convened on 20 February 2026, during which the Schemes received overwhelming support from approximately 99.67% of the total value of the Scheme Creditors' voting claims voting at the Scheme Meetings. On 12 March 2026, the Hong Kong Court sanctioned the Hong Kong Scheme and the Cayman Court sanctioned the Cayman Scheme, respectively. The scheme effective date of each of the Schemes occurred on 13 March 2026, which is a significant milestone towards the implementation of the Proposed Debt Restructuring. The scheme effective date is distinct from the Restructuring Effective Date, which remains subject to satisfaction or waiver of the conditions to the Restructuring Effective Date.

Subject to the occurrence of the Restructuring Effective Date:

- (a) Scheme Creditors who have validly elected or been assigned or re-allocated Option 1, 2 and/or 3 of the Scheme Consideration will receive one or a combination of (Option 1) STN and MCB, (Option 2) LTN and Scheme Creditor Shares, and/or (Option 3) Scheme Creditor Shares. To the extent that elections of Options are made (in the case of Option 3, including such amounts of Scheme Creditors' Claims allocated to Option 3 due to non-election (“**Deemed Election**”)) exceeding the relevant Size Cap (as defined below) for any particular Option, Scheme Creditors who elected that Option (in the case of Option 3, including a Deemed Election) will receive the Scheme Consideration for that Option on a pro rata basis up to the Size Cap, with the excess Scheme Creditors' Claims automatically reallocated to the other Options to the extent of the remaining balance of the relevant Size Cap in such other Option(s) on a pro rata basis; and
- (b) all amounts owed by the Group under the Existing Notes and Existing Additional Debt Instruments (including the outstanding principal amount and interest accrued) will be discharged in full.

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## LETTER FROM THE BOARD

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Options 1, 2 and 3 of the Scheme Consideration are subject to a cap (“**Size Cap**”), being the multiple of (i) the scaling factor (as detailed below) and (ii) USD2,600 million, USD1,400 million and USD830 million (equivalent to HK\$20,280 million, HK\$10,920 million and HK\$6,474 million), respectively. The scaling factor means the number (expressed as a fraction) which is equal to (A) the Scheme Creditors’ Claims divided by (B) USD4,830 million (equivalent to HK\$37,674 million), being the sum of USD2,600 million, USD1,400 million and USD380 million and representing the anticipated aggregate Scheme Creditors’ Claims based on information available to the Company around the time of negotiation of the terms of the Proposed Debt Restructuring. Subsequently, the Company entered into bilateral settlements (including the TFI Restructuring Agreement) that led to the final aggregate Scheme Creditors’ Claims being lower than the initially anticipated aggregate Scheme Creditors’ Claims. In particular, the Scheme Consideration comprises:

- (i) Option 1 – for USD1 (equivalent to HK\$7.80) of Scheme Creditors’ Claims (approximately USD2,505.9 million (equivalent to approximately HK\$19,546.15 million)), STN in the principal amount of USD0.25 (equivalent to HK\$1.95) and MCB in the principal amount of USD0.20 (equivalent to HK\$1.56), representing a discount of 55% to the relevant Scheme Creditors’ Claims;
- (ii) Option 2 – for USD1 (equivalent to HK\$7.80) of Scheme Creditors’ Claims (approximately USD1,349.3 million (equivalent to approximately HK\$10,524.85 million)), LTN in the principal amount of USD0.60 (equivalent to HK\$4.68) and such number of Scheme Creditor Shares equal to USD0.15 (equivalent to HK\$1.17) divided by the issue price of HK\$1.52 per new Existing Share, representing a discount of 25% to the relevant Scheme Creditors’ Claims;
- (iii) Option 3 – for USD1 of Scheme Creditors’ Claims (approximately USD800.0 million (equivalent to approximately HK\$6,239.73 million)), such number of Scheme Creditor Shares equal to USD1 (equivalent to HK\$7.80) divided by the issue price of HK\$1.52 per new Existing Share.

In connection with the Proposed Debt Restructuring, the Company is required to pay certain consent fees and work fees to the Participating Creditors and the Ad Hoc Group respectively in the form of Scheme Fee Shares and/or STN. As disclosed in the Restructuring Announcements, in connection with the Proposed Debt Restructuring, the Company will pay consent fees (comprising early consent fees in the form of 173,935,261 Consent Fee Shares and STN in the principal amount of USD1,339,495 (equivalent to approximately HK\$10,448,061), as well as general consent fees in the form of STN in the principal amount of USD243,313 (equivalent to approximately HK\$1,897,841)) as incentive to attract support from Scheme Creditors – consent fees are paid to Scheme Creditors who have duly executed or validly acceded to the RSA. The Company will also pay work fee to the Ad Hoc Group in accordance with the Ad Hoc Group Work Fee Letter in recognition of their assistance and time devoted to negotiating the terms of the Proposed Debt Restructuring, comprising fixed work fee (1,279,200,000 Work Fee Shares) and additional work fee (comprising 84,691,506 Work Fee Shares and STN in the principal amount of USD4,411,909 (equivalent to approximately HK\$34,412,890)). All members of the Ad Hoc Group will be entitled to the fixed work fee and additional work fee on a pro rata basis.

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## LETTER FROM THE BOARD

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Based on the issue price of HK\$0.1 per Scheme Fee Share and the principal amount of STN to be issued, the early consent fees (payable in the form of Scheme Fee Shares and/or STN, as elected by the relevant Participating Creditor and not subject to any separate cap on form of settlement), general consent fee (payable in the form of STN), fixed work fee (payable in the form of Scheme Fee Shares) and additional work fee (payable in the form of Scheme Fee Shares and/or STN, as determined in accordance with the Ad Hoc Group Work Fee Letter and not subject to any separate cap on form of settlement – please refer to sections headed “5. Scheme Fee Shares” and “3. STN” below for further details) amounted to approximately USD3,569,434 (equivalent to approximately HK\$27,841,589), USD243,313 (equivalent to approximately HK\$1,897,841), USD16,400,000 (equivalent to HK\$127,920,000) and USD5,497,698 (equivalent to approximately HK\$42,882,031), which was determined after arm’s length negotiation between the Company and the Ad Hoc Group having considered (i) the deleveraging to be achieved with respect to the Company’s balance sheet; (ii) the impact of consent fee on securing support from the Scheme Creditors; and (iii) time and effort devoted by the Ad Hoc Group in negotiating the terms of the Proposed Debt Restructuring. The payment of consent fees and work fees, which is key to gathering support for the implementation of the Proposed Debt Restructuring, is common amongst similar debt restructuring exercises as a means to solicit sufficient support and mitigate the execution risks. Having considered, among other things, (i) the feedback from arm’s length negotiation between the Company and the Ad Hoc Group; (ii) the significance of offering an equity option as a means to minimise indebtedness arising from the Proposed Debt Restructuring as much as possible; (iii) the term of the STN exceeding five years and accordingly the STN will not be classified as current liabilities of the Group upon issuance; (iv) potential consequences in the event the Proposed Debt Restructuring does not proceed (noting the Proposed Debt Restructuring is the Company’s further attempt after it was no longer feasible to proceed with the debt restructuring exercise on the terms disclosed in the announcement of the Company dated 29 April 2024), the payment of consent fees and work fees under the Proposed Debt Restructuring is fair and reasonable and in the interests of the Company and Shareholders as a whole. For completeness, Participating Creditors which form part of the Ad Hoc Group are entitled to consent fees, work fees and Scheme Consideration in accordance with the terms of the Schemes and the Ad Hoc Group Work Fee Letter.

Ms. Zeng proposes to, through Fantasy Pearl International Limited, provide or procure the provision of the New Shareholder Loan (no fixed maturity date) to the Company shortly prior to the Restructuring Effective Date to fund certain fees and expenses payable under the Proposed Debt Restructuring. It is expected the New Shareholder Loan will be used to finance fees payable by the Company, including but not limited to payments to advisors of the Ad Hoc Group and the Company, which are expected to exceed the amount of the New Shareholder Loan. The payment of advisor fees of the Ad Hoc Group by the issuer undergoing the debt restructuring is common amongst similar debt restructuring exercises. The Company also proposes to implement the Loan Capitalisation to settle the Shareholder Loans on the Restructuring Effective Date.

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## LETTER FROM THE BOARD

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### 1. SCHEME CREDITOR SHARES

The principal terms of the issuance of Scheme Creditor Shares as part of the Scheme Consideration on the Restructuring Effective Date are summarised as follows:

**Subscribers:** Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Options 2 and 3 of the Scheme Consideration

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the Scheme Creditor Shares and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl International Limited, Baocollection Limited and Mr. Guo) are independent of the Company and its connected persons.

**Issue price:** HK\$1.52 per Scheme Creditor Share

**Number of Shares:** 5,143,723,515 Scheme Creditor Shares comprising:

- (1) an aggregate of 1,038,635,809 Shares allotted and issued to Scheme Creditors who have validly elected or been assigned or re-allocated to Option 2 of the Scheme Consideration (of which 784,824 Shares will be allotted and issued to Fantasy Pearl International Limited, 2,164,599 Shares will be allotted and issued to Baocollection Limited and 25,316 Shares will be allotted and issued to Mr. Guo, respectively), representing 15% of the Scheme Creditors' Claims assigned or allocated to Option 2 of the Scheme Consideration; and

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## LETTER FROM THE BOARD

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- (2) an aggregate of 4,105,087,706 Shares allotted and issued to Scheme Creditors who have validly elected or been assigned or re-allocated to Option 3 of the Scheme Consideration (of which 11,328,052 Shares will be allotted and issued to Fantasy Pearl International Limited, 31,243,499 Shares will be allotted and issued to Baocollection Limited and 365,421 Shares will be allotted and issued to Mr. Guo, respectively), representing 100% of the Scheme Creditors' Claims assigned or allocated to Option 3 of the Scheme Consideration

**Ranking of Scheme  
Creditor Shares:**

The Scheme Creditor Shares allotted and issued will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution, the record date of which falls on or after the date of allotment.

**Listing:**

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Scheme Creditor Shares.

**Scheme Creditor Shares**

5,143,723,515 Scheme Creditor Shares respectively represent approximately (i) 89.11% of the number of issued Shares as at the Latest Practicable Date; (ii) 47.12% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares; (iii) 28.39% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and (iv) 26.51% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares, in each case assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to maturity date of the MCB.

The issue price of HK\$1.52 per Scheme Creditor Share represents:

- (1) a premium of 1,800.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD

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- (2) a premium of 1,709.52% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (3) a premium of 1,744.66% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (4) a premium of 1,776.54% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day.

The Board is of the view that the net asset value per Share is not a meaningful reference to determine the issue price of the Scheme Creditor Shares, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

The issue price of the Scheme Creditor Shares was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB, taking into account the commercial ask that Shares issued to the Scheme Creditors under the Proposed Debt Restructuring collectively make up a considerable portion of ownership of the Company to reflect the value of the compromise made by the Scheme Creditors and also to allow holders of Shares to participate in the future returns of the Group as and when its business operations improve; (iii) the impact of the issue price on the level of support from the Scheme Creditors; (iv) the distressed financial condition of the Company; (v) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (vi) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

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## LETTER FROM THE BOARD

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### Conditions of the issuance of Scheme Creditor Shares

The allotment and issuance of Scheme Creditor Shares is conditional upon the fulfilment of each of the following conditions:

- (1) the Increase in Authorised Share Capital having become effective;
- (2) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of Scheme Creditor Shares and transactions contemplated thereunder;
- (3) the Listing Committee granting the listing of, and permission to deal in, the Scheme Creditor Shares; and
- (4) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

### 2. MCB

The principal terms of the MCB to be issued as part of the Scheme Consideration on the Restructuring Effective Date are summarised as follows:

**Issuer:** The Company

**Subscribers:** Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Option 1 of the Scheme Consideration

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the MCB and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl International Limited, Baocollection Limited and Mr. Guo) are independent of the Company and its connected persons.

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## LETTER FROM THE BOARD

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<b>Principal amount:</b>	USD501,183,055 (equivalent to approximately HK\$3,909,227,829) (of which MCB in the principal amount of USD594,574 (equivalent to approximately HK\$4,637,677) will be issued to Fantasy Pearl International Limited, USD1,639,875 (equivalent to approximately HK\$12,791,025) will be issued to Baocollection Limited and USD19,179 (equivalent to approximately HK\$149,596) will be issued to Mr. Guo, respectively), representing 20% of the Scheme Creditors' Claims assigned or allocated to Option 1 of the Scheme Consideration
<b>Interest:</b>	Zero coupon. The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises.
<b>Maturity date:</b>	31 December 2027
<b>Guarantee:</b>	Corporate guarantees from the Subsidiary Guarantors
<b>MCB Conversion Price:</b>	<p>Initially HK\$1.52 per new Existing Share, subject to adjustments as set forth below</p> <p>Assuming there is no adjustment to the MCB Conversion Price, the Company will allot and issue a total of 2,571,858,330 MCB Conversion Shares upon full conversion of the MCB.</p>
<b>Adjustments to MCB Conversion Price:</b>	<p>The MCB Conversion Price will be subject to adjustment (as determined by an independent calculation agent unless otherwise specified) upon the occurrence of certain adjustment events, including:</p> <ul style="list-style-type: none"><li>(i) an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such alteration by the following fraction:</li></ul>

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## LETTER FROM THE BOARD

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

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

- (ii) (a) an issue (other than by way of scrip dividend, or an issue that would constitute a capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the fraction:

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

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

- (b) an issue of Shares by way of scrip dividend where the aggregate value of such Shares as determined by reference to the current market price per Share on the date of announcement of the terms of such scrip dividend exceeds the fair market value of the relevant cash dividend and which would not have constituted a capital distribution, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the fraction:

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

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## LETTER FROM THE BOARD

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where A is the aggregate number of issued Shares immediately before such issue, B is the aggregate number of Shares issued by way of such scrip dividend multiplied by the fraction of which the numerator is the fair market value of the relevant cash dividend and the denominator is the aggregate value of such Shares issued by way of scrip dividend as determined by reference to the current market price per Share on the date of announcement of the terms of such scrip dividend, and C is the aggregate number of Shares comprising such scrip dividend; or such other adjustment as an independent financial adviser shall certify is fair and reasonable;

- (iii) a capital distribution to the Shareholders (except to the extent that the MCB Conversion Price falls to be adjusted under (ii) above), where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such capital distribution by the fraction:

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

where A is the current market price per Share on the date on which the capital distribution is first publicly announced and B is the fair market value of the portion of the capital distribution attributable to one Share;

- (iv) a rights issue of Shares or options over Shares to all or substantially all Shareholders as a class at a consideration per Share the fair market value of which is less than 85% of the current market price per Share on the date of the first public announcement of the terms of the issue or grant, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the fraction:

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

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## LETTER FROM THE BOARD

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where A is the aggregate number of Shares in issue immediately before such announcement, B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options, warrants or other rights comprised therein would purchase at such current market price per Share, and C is the aggregate number of Shares issued or comprised in the issue or grant;

- (v) a rights issue of securities other than Shares or options over Shares to all or substantially all Shareholders as a class, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the fraction:

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

where A is the current market price per Share on the date on which such issue or grant is publicly announced and B is the fair market value per Share on the date of such announcement of the portion of the securities, rights, options, warrants or other rights attributable to one Share;

- (vi) an issue (otherwise than by way of rights) of any Shares, or the issue or grant of options, warrants or other rights to subscribe for or purchase Shares (including in connection with any deferment, adjustment or restructuring of indebtedness), at a price per Share the fair market value of which is less than 85% of the current market price per Share on the date of the first public announcement of the terms of such issue or grant, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the fraction:

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

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## LETTER FROM THE BOARD

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where A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights, B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Shares would purchase at such current market price per Share, and C is the aggregate number of Shares in issue immediately after the issue of such additional Shares;

- (vii) an issue by the Company or any of its subsidiaries of any securities (other than the MCB) carrying rights of conversion into, or exchange or subscription for, Shares at a consideration per Share the fair market value of which is less than 85% of the current market price per Share on the date of the first public announcement of the terms of issue of such securities, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the fraction:

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

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

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## LETTER FROM THE BOARD

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(viii) any modification of the rights of conversion, exchange or subscription attaching to any securities as referred to in (vii) above so that the fair market value of the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 85% of the current market price per Share on the date of the first public announcement of the proposals for such modification, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such modification by the fraction:

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

where A is the aggregate number of Shares in issue immediately before such modification, B is the maximum number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion, exchange or exercise of the right of subscription attached to the securities so modified would purchase at such current market price per Share or, if lower, the existing conversion, exchange or subscription price of such securities, and C is the maximum number of Shares to be issued on conversion or exchange of such securities or on exercise of such rights at the modified conversion, exchange or subscription price;

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## LETTER FROM THE BOARD

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- (ix) an issue, sale or distribution by the Company, any of its subsidiaries or any other company, person or entity (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) of any securities pursuant to an offer in which the Shareholders generally are entitled to participate (except where the MCB Conversion Price falls to be adjusted under (iv), (v), (vi) or (vii) above), where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue, sale or distribution by the fraction:

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

where A is the current market price per Share on the date on which such issue, sale or distribution is first publicly announced and B is the fair market value of the portion of the rights attributable to one Share; and

- (x) in the event that the Company (in consultation with the calculation agent) determines that an adjustment should be made as a result of one or more events or circumstances not referred to above, the Company shall, at its own expense, consult an independent financial adviser to determine what adjustment (if any) to the MCB Conversion Price is fair and reasonable to take account thereof and when such adjustment should take effect, provided that any such adjustment shall not result in a per Share value that exceeds the per Share value of the dilution in the Shareholders' interest caused by such events or circumstances, each as further detailed in the terms and conditions of the MCB.

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## LETTER FROM THE BOARD

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### Conversion:

#### Voluntary conversion:

The MCB may be voluntarily converted by any holder of the MCB to Shares by delivering a conversion notice to convert all or part of the MCB held by such holder from the issue date of the MCB up to and including 3:00 pm on the Voluntary Conversion Period End Date. As disclosed in the section headed “*Effect on the Shareholding Structure of the Company*” in this letter from the Board, the Company is not aware of circumstances which would cause the Company to have insufficient public float upon full conversion of the MCB.

#### Mandatory conversion:

- (1) 50% of the initial issue size on the Restructuring Effective Date (the “**RED Mandatory Conversion**”);
- (2) 25% of the initial issue size on 31 December 2026 (less the aggregate principal amount of the MCB voluntarily converted during the period ending on 31 December 2026); and
- (3) remaining principal amount of the MCB shall be mandatorily converted into Shares on the maturity date of the MCB.

In any relevant year, no mandatory conversion shall apply if the total conversion (including voluntary conversion) of the MCB at any relevant time of the year exceeds the annual minimum conversion threshold described above.

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## LETTER FROM THE BOARD

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Notwithstanding anything to the contrary in the preceding paragraphs, there shall be no mandatory conversion of the MCB upon the occurrence of any of the following:

- (a) the occurrence of any event of default under the MCB, STN and/or LTN until such event of default is cured or waived by the holders of the MCB, STN and/or LTN;
- (b) if the Shares are delisted or suspended from trading, until the later of (x) resumption of trading of the Shares on the relevant stock exchange and (y) to the extent the foregoing constitutes a “Relevant Event” based on prongs (i) and (ii) of its definition, the expiry of the Relevant Event Redemption Notice Period;
- (c) when there is a Change of Control, until the expiry of the Relevant Event Redemption Notice Period.

**Ranking of MCB**

**Conversion Shares:**

The MCB Conversion Shares allotted and issued upon conversion of the MCB will be fully paid and will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.

**Redemption at the option of the Company:**

At any time prior to the maturity date of the MCB, the Company may redeem all or any part of the outstanding MCB at their principal amount to be so redeemed subject to and in accordance with the terms and conditions of the MCB.

**Redemption for Relevant Event:**

Following the occurrence of any of the Relevant Events, any holder of the MCB will have an option to require the Company to redeem all or some of the MCB at par.

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## LETTER FROM THE BOARD

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### **Events of Default**

Events of default under the MCB include: payment default in respect of principal on the MCB when due; default in the performance of the consolidation, merger and sale of assets provisions, failure by the Company to make or consummate an offer to purchase, or failure to create or maintain required security over collateral (subject to permitted liens); failure to provide financial statements; breach of any other covenant or agreement in the terms of the MCB; cross-acceleration in respect of indebtedness of the Company or any of its Restricted Subsidiaries of USD15,000,000 (equivalent to HK\$117,000,000) or more in aggregate (excluding onshore indebtedness and the OCP Loan); unpaid final judgements or orders exceeding USD15,000,000 (equivalent to HK\$117,000,000) in aggregate; involuntary bankruptcy or insolvency proceedings, or entry of an order for relief (excluding proceedings related to onshore indebtedness or certain enforcement actions in respect of the OCP Loan); voluntary bankruptcy or insolvency proceedings by the Company or any significant Restricted Subsidiary (excluding proceedings related to onshore indebtedness or certain enforcement actions in respect of the OCP Loan); repudiation or disaffirmation by any of the Subsidiary Guarantors of its guarantee obligations, or any such guarantee being determined to be unenforceable, invalid or otherwise ceasing to be in full force and effect; and failure to deliver MCB Conversion Shares following conversion. Certain of the foregoing events of default are also subject to applicable grace periods.

There is no default interest under the events of default.

### **Transferability**

The MCB, which will be listed, are transferable without the consent of the Company. The Company will comply with the applicable requirements of Chapter 14A of the Listing Rules to the extent future issuances of MCB Conversion Shares constitute connected transactions in addition to those contemplated in this circular.

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## LETTER FROM THE BOARD

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As disclosed in the section headed “Effect on the Shareholding Structure of the Company” in this letter from the Board, the Company is not aware of circumstances which would cause the Company to have insufficient public float upon full conversion of the MCB.

**Key covenants:**

The MCB will include affirmative obligations concerning the provision of financial statements and other quarterly, semi-annual and annual reports, the maintenance of qualified independent auditors and the notification to the National Development and Reform Commission of the PRC or its local counterparts and the China Securities Regulatory Commission of the PRC or its local counterpart.

The MCB will also contain a restrictive covenant limiting the Company and its Restricted Subsidiaries from the granting of liens, other than specified permitted liens, and any Restricted Subsidiary which is not a Subsidiary Guarantor from guaranteeing any indebtedness of the Company or any Subsidiary Guarantor, unless such Restricted Subsidiary executes a supplemental trust deed providing for an unsubordinated guarantee and waives all rights of reimbursement, indemnity or subrogation against the Company or any other Restricted Subsidiary until the MCB have been paid in full, or such guarantee is permitted under the STN or LTN.

**Form, denomination and registration:**

The MCB will be only issued in fully registered form and will be initially represented by one or more global certificates.

The minimum denomination will be USD1 and integral multiples of USD1 in excess thereof.

**Listing:**

An application will be made by the Company for the listing and quotation of the MCB on the Singapore Stock Exchange.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the MCB Conversion Shares.

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## LETTER FROM THE BOARD

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### MCB Conversion Shares

Based on the initial MCB Conversion Price, a total of 2,571,858,330 MCB Conversion Shares will be allotted and issued upon full conversion of the MCB, which respectively represent approximately (i) (assuming full conversion of the MCB at the initial MCB Conversion Price) 44.55% of the number of issued Shares as at the Latest Practicable Date; (ii) (assuming full conversion of the MCB at the initial MCB Conversion Price) 30.82% of the number of issued Shares as enlarged by the issuance of MCB Conversion Shares; (iii) 14.20% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and (iv) 13.26% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares, in each case assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to the maturity date of the MCB.

The initial MCB Conversion Price of HK\$1.52 represents:

- (1) a premium of 1,800.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of 1,709.52% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (3) a premium of 1,744.66% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (4) a premium of 1,776.54% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day.

The Board is of the view that the net asset value per Share is not a meaningful reference to determine the issue price of the MCB Conversion Shares, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

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## LETTER FROM THE BOARD

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The MCB Conversion Price was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) zero coupon rate, which means the MCB will not create any immediate liquidity pressure on the Group; (iii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB, taking into account the commercial ask that Shares issued to the Scheme Creditors under the Proposed Debt Restructuring collectively make up a considerable portion of ownership of the Company to reflect the value of compromise made by the Scheme Creditors and also to allow holders of Shares to participate in the future returns of the Group as and when its business operations improve; (iv) the impact of the issue price on the level of support from the Scheme Creditors; (v) the distressed financial condition of the Company; (vi) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (vii) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

### **Conditions of the issuance of MCB**

The issuance of MCB is conditional upon the fulfilment of each of the following conditions:

- (1) the Increase in Authorised Share Capital having become effective;
- (2) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of MCB and transactions contemplated thereunder;
- (3) the Singapore Stock Exchange granting the approval in principle for the listing of the MCB;
- (4) the Listing Committee granting the listing of, and permission to deal in, the MCB Conversion Shares; and
- (5) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

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## LETTER FROM THE BOARD

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### 3. STN

The principal terms of the STN to be issued (i) as part of the Scheme Consideration, (ii) consent fee payable pursuant to the RSA and (iii) work fee payable pursuant to the Ad Hoc Group Work Fee Letter on the Restructuring Effective Date are summarised as follows.

**Issuer:** The Company

**Subscribers:** Subscribers (not less than six in number), being (i) Scheme Creditors who have validly elected or been assigned or re-allocated to Option 1 of the Scheme Consideration; (ii) Participating Creditors who have validly elected to, or are entitled to, receive the early consent fee or general consent fee in the form of STN in accordance with the terms of the RSA; and (iii) the Ad Hoc Group who are entitled to additional work fee in the form of STN in accordance with the Ad Hoc Group Work Fee Letter

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the STN and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl International Limited, Baocollection Limited and Mr. Guo) are independent of the Company and its connected persons.

**Principal amount:** USD632,473,681 (equivalent to approximately HK\$4,933,294,712) (of which STN in the principal amount of USD743,218 (equivalent to approximately HK\$5,797,100) will be issued to Fantasy Pearl International Limited, USD2,049,846 (equivalent to approximately HK\$15,988,799) will be issued to Baocollection Limited, and USD23,974 (equivalent to approximately HK\$186,997) will be issued to Mr. Guo, respectively), comprising:

- (1) USD626,478,964 (equivalent to approximately HK\$4,886,535,919) as part of the Scheme Consideration, representing 25% of the Scheme Creditors' Claims assigned or allocated to Option 1 of the Scheme Consideration;

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## LETTER FROM THE BOARD

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- (2) USD5,994,717 (equivalent to approximately HK\$46,758,793) being the sum of (i) early consent fee payable pursuant to the terms of the RSA, representing 0.1% of the aggregate outstanding principal amount of the Early Eligible Participating Debt held by Participating Creditors (the outstanding principal amount being USD1,339,495,000, equivalent to approximately HK\$10,448,061,000) who validly elected to receive the early consent fee in the form of STN; (ii) general consent fee payable pursuant to the terms of the RSA, representing 0.1% of the aggregate outstanding principal amount of the General Eligible Participating Debt held by Participating Creditors (the outstanding principal amount being USD243,313,000, equivalent to approximately HK\$1,897,841,400); and (iii) additional work fee payable to the Ad Hoc Group in accordance with the Ad Hoc Group Work Fee Letter, representing the difference between (a) 0.1% of the Scheme Creditors' Claims and (b) the general consent fee that is actually paid on or prior to the Restructuring Effective Date

**Interest:**

Interest on the outstanding principal amount of the STN shall accrue at 3.00% per annum from 31 December 2025, payable semi-annually in arrears in cash unless the Company elects to pay all or a portion of such interest in paid-in-kind interest (PIK) in the following manner:

- (1) from and including 31 December 2025 to but excluding 31 December 2027, the Company may elect to pay up to all of the interest due on each interest payment date in PIK;
- (2) from and including 31 December 2027 to but excluding 31 December 2028, (i) up to 2.50% per annum in PIK as the Company may elect; and (ii) at least 0.5% per annum in cash as the Company may elect;

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## LETTER FROM THE BOARD

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- (3) from and including 31 December 2028 to but excluding 31 December 2029, (i) up to 2.00% per annum in PIK as the Company may elect; and (ii) at least 1.0% per annum in cash as the Company may elect; and
- (4) from and including 31 December 2029 to but excluding 31 December 2031, all of the interest due on each interest payment date in cash

The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises.

**Maturity date:** 31 December 2031

**Guarantee:** Corporate guarantees from the Subsidiary Guarantors

**Mandatory redemption:** On each redemption date set forth below, the Company shall redeem at least the STN Minimum Principal Amount (as defined below) at a redemption price equal to 100% of the principal amount of the STN thereof plus accrued and unpaid interest (if any) to the relevant mandatory redemption date as set forth below:

<b>STN mandatory redemption date</b>	<b>Relevant principal amount (on a cumulative basis)</b>
31 December 2029	20% of the original issue amount of the STN
31 December 2030	50% of the original issue amount of the STN

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## LETTER FROM THE BOARD

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“**STN Minimum Principal Amount**” means, with respect to any STN mandatory redemption date, the greater of (i) zero and (ii) an amount equivalent to (a) the required principal amount set forth above *minus* (b) the aggregate principal amount of the STN redeemed at par and on a pro rata basis in respect of all STN then outstanding in accordance with the terms thereof, from the original issue date up to but excluding the relevant STN mandatory redemption date.

**Repurchase upon a  
Change of Control:**

Upon a Change of Control (or, in the event the STN are rated in the future, a Change of Control accompanied by a ratings downgrade), the Company shall make an offer to repurchase all STN outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest (if any) to the date of repurchase.

**Security:**

The STN are secured by:

- (1) first ranking security over all issued share capital of Fantasia Financial Community Group Co., Ltd, Fantastic Victory Limited, Fantasia Investment, Fantasia Financial Community Group (Hong Kong) Co., Limited, Hong Kong Huawanli Trading Co., Limited <sup>(Note 1)</sup> and all issued share capital of Atlantis Fantasy Pearl Holdings, LLC (held as to 76.5% by Fantasy Pearl, LLC as at the Latest Practicable Date) held by Fantasy Pearl, LLC (held as to 95% by Fantasy Pearl International Limited as at the Latest Practicable Date) from time to time <sup>(Note 2)</sup>;

*Notes:*

- (1) The sum of the total assets of Fantasia Financial Community Group Co., Ltd, Fantastic Victory Limited, Fantasia Investment, Fantasia Financial Community Group (Hong Kong) Co., Limited and Hong Kong Huawanli Trading Co., Limited as at 31 December 2025 was RMB2,952,866,945 (equivalent to approximately HK\$3,198,938,206).
- (2) The security over the issued share capital of Atlantis Fantasy Pearl Holdings, LLC, the total assets of which as at 31 December 2025 was USD7,100,000 (equivalent to HK\$55,380,000), which is indirectly held by Fantasy Pearl International Limited, represents the Company’s receipt of financial assistance from a connected person. As the said financial assistance is on normal commercial terms or better and is not secured by any assets of the Group in return, such transaction is fully exempt from reporting, announcement and independent shareholder approval requirements pursuant to Rule 14A.90 of the Listing Rules.

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## LETTER FROM THE BOARD

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- (2) first ranking security over the Project Moonlight secured account (the “**Project Moonlight Secured Account**”), being a bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings (please refer to the section headed “Key covenants” below for further details on the cash sweep covenant in relation to the Project Moonlight Secured Account) in relation to the “**Project Moonlight**” comprising six healthcare facilities in the United States of America indirectly held by Atlantis Fantasy Pearl Holdings, LLC. The primary asset of Atlantis Fantasy Pearl Holdings, LLC is the Project Moonlight;
- (3) first ranking security over the specified assets secured account (the “**Specified Assets Secured Account**”), being an offshore bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings in relation to the specified assets (primarily property projects or assets); and
- (4) first ranking security over the onshore secured account (the “**Onshore Secured Account**”), being an onshore bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings in relation to the specified assets (primarily property projects or assets).

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## LETTER FROM THE BOARD

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As the security over the Project Moonlight Secured Account, the Specified Assets Secured Account and the Onshore Secured Account relates to net cash proceeds from the disposal of the relevant assets (and not the assets themselves), the value of the security depends on the amount of sale proceeds deposited into the relevant account (which is maintained in the name of either the Company or its subsidiary). As at 31 December 2025, the aggregate book value of the specified assets, as described in sub-paragraphs (3) and (4) above, amounted to approximately RMB6.31 billion (equivalent to approximately HK\$6.84 billion). The obligation to deposit funds only arises after satisfaction of remittance conditions including obtaining all applicable approvals, ensuring the lawfulness of the transfer and the relevant bank accounts being fully operational and free from restrictions. For the avoidance of doubt, (i) the aforesaid aggregate book value does not constitute any indication as to the Company's ability to dispose of the relevant assets; (ii) the aforesaid aggregate book value does not constitute any representation that the relevant assets could be sold at such valuation; and (iii) there is no obligation on the part of the Company to deposit funds into the secured accounts if no disposal of the relevant assets has been effected.

Given cash proceeds deposited into the secured accounts are ringfenced for the purpose of settling amounts due under the STN and the LTN, the enforcement of such security on its own will not have any additional impact on the financial position of the Company as the cash proceeds cannot be used for any other purposes.

**Colour Life Shares:**

In addition to other financial resources available to the Company from time to time, the Company shall use (i) dividends and other distributions from the Colour Life Shares and (ii) net consideration from the disposal of the Colour Life Shares to repay, repurchase or redeem the STN at par in respect of all the outstanding STN (only after the STN has been repaid, repurchased or redeemed in full), followed by the LTN, after deducting the following amounts:

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## LETTER FROM THE BOARD

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- (1) the Group's offshore operating expenses, subject to a cap of USD3,000,000 (equivalent to HK\$23,400,000) per fiscal year; and
- (2) any other reasonable fees and expenses incurred in connection with the maintenance of the escrow account.

As at the Latest Practicable Date, the Company has no immediate plans to dispose of the Colour Life Shares.

**Amendments:**

Amendments to certain key provisions of the STN, including but not limited to maturity, principal amount, interest, premium, mandatory redemptions (including pursuant to the specified assets and Project Moonlight cash sweeps), ranking, certain waivers, certain releases of guarantees and certain releases of collateral, among others, shall be subject to the consent of holders of not less than 75% of the aggregate outstanding principal amount of the STN.

**Key covenants:**

The STN will contain restrictive covenants, with the key restrictive covenants (which the Company believes to be material) being the making of restricted payments including investments and dividends, the granting of liens, the disposal of assets outside of the ordinary course of business and transactions with affiliates, in each case subject to various non-material customary exceptions and permissions.

The STN will also include affirmative obligations, with the key obligations (which the Company believes to be material) concerning the provision of financial statements and other quarterly, semi-annual and annual reports and the maintenance of qualified independent auditors.

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## LETTER FROM THE BOARD

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The STN will also include a cash sweep covenant pursuant to which the Company will be required to deposit a portion of the net consideration (after specified permitted withholdings) arising from disposals of the specified assets into the Onshore Secured Account and, once the balance of the Onshore Secured Account reaches USD15,000,000 (equivalent to HK\$117,000,000), to undertake certain steps to seek approval and, following approval, to transfer such amounts to the Specified Assets Secured Account. Within 30 days of the balance of the Specified Assets Secured Account exceeding USD15,000,000 (equivalent to HK\$117,000,000), the Company will be required to redeem or repurchase the STN, followed by the LTN, on a pro rata basis at par.

Finally, the STN will also include a cash sweep covenant pursuant to which the Company will be required to procure the deposit of net proceeds (after specified permitted withholdings) arising from disposal of the Project Moonlight into the Project Moonlight Secured Account and, once the balance of the Project Moonlight Secured Account reaches USD5,000,000 (equivalent to HK\$39,000,000), to apply the balance in the following order:

- (1) first, payment of any cash interest that is due and payable under the STN at such time;
- (2) second, reserving a debt service reserve to cover amounts payable under the STN in the next 12 calendar months; and
- (3) third, using any remaining balance to redeem or repurchase the STN on a pro rata basis at par.

In the event that the Project Moonlight is not disposed of by 31 December 2027, a step-in right has been granted to the collateral agent to effect such disposal.

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## LETTER FROM THE BOARD

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**Events of default:** The STN will contain customary events of default with customary grace periods, including principal and interest payment defaults, mandatory redemption defaults, covenant breaches, voluntary and involuntary insolvency proceedings, and certain defects in guarantees and collateral.

The STN will also contain a cross-acceleration clause and an event of default in respect of final judgments, in each case where the accelerated indebtedness or judgment amount exceeds USD15,000,000 (equivalent to HK\$117,000,000).

The events of default arising from cross acceleration, judgments, and voluntary and involuntary insolvency proceedings will exclude such events arising from any onshore indebtedness for the first two years, from any onshore indebtedness that existed as of Restructuring Effective Date thereafter, and from certain enforcement actions in respect of the OCP Loan.

**Form, denomination and registration:** The STN will be only issued in fully registered form and will be initially represented by one or more global certificates.

The minimum denomination will be USD1 and integral multiples of USD1 in excess thereof.

**Listing:** An application will be made by the Company for the listing and quotation of the STN on the Singapore Stock Exchange.

The terms of the STN were determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the option of paying part of the interest due in PIK, which will not create any immediate liquidity pressure on the Group; (iii) the distressed financial condition of the Company; (iv) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (v) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

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## LETTER FROM THE BOARD

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### Conditions of the issuance of STN

The issuance of STN is conditional upon the fulfilment of each of the following conditions:

- (1) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of STN and transactions contemplated thereunder;
- (2) the Singapore Stock Exchange granting the approval in principle for the listing of the STN; and
- (3) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

### 4. LTN

The principal terms of the LTN to be issued as part of the Scheme Consideration on the Restructuring Effective Date are summarised as follows.

**Issuer:** The Company

**Subscribers:** Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Option 2 of the Scheme Consideration

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the LTN and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl International Limited, Baocollection Limited, and Mr. Guo) are independent of the Company and its connected persons.

**Principal amount:** USD809,603,733 (equivalent to approximately HK\$6,314,909,117) (of which LTN in the principal amount of USD611,760 (equivalent to approximately HK\$4,771,728) will be issued to Fantasy Pearl International Limited, USD1,687,276 (equivalent to approximately HK\$13,160,753) will be issued to Baocollection Limited, and USD19,734 (equivalent to approximately HK\$153,925) will be issued to Mr. Guo, respectively), representing 60% of the Scheme Creditors' Claims assigned or allocated to Option 2 of the Scheme Consideration

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## LETTER FROM THE BOARD

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**Interest:** Interest on the outstanding principal amount of the LTN shall accrue at 3.00% per annum from 31 December 2025, payable semi-annually in arrears in cash unless the Company elects to pay all or a portion of such interest in paid-in-kind interest (PIK) in the following manner:

- (1) from and including 31 December 2025 to but excluding 31 December 2031, the Company may elect to pay up to all of the interest due on each interest payment date in PIK; and
- (2) from and including 31 December 2031 to but excluding 31 December 2034, all of the interest due on each interest payment date in cash

The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises.

**Maturity date:** 31 December 2034

**Guarantee:** Same as STN

**Mandatory redemption:** On each redemption date set forth below, the Company shall redeem at least the LTN Minimum Principal Amount (as defined below) at a redemption price equal to 100% of the principal amount of the LTN thereof plus accrued and unpaid interest (if any) to the relevant mandatory redemption date as set forth below:

<b>LTN mandatory redemption date</b>	<b>Relevant principal amount (on a cumulative basis)</b>
31 December 2032	25% of the original issue amount of the LTN
31 December 2033	50% of the original issue amount of the LTN

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## LETTER FROM THE BOARD

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“**LTN Minimum Principal Amount**” means, with respect to any LTN mandatory redemption date, the greater of (i) zero and (ii) an amount equivalent to (a) the required principal amount set forth above *minus* (b) the aggregate principal amount of the LTN redeemed at par and on a pro rata basis in respect of all LTN then outstanding in accordance with the terms thereof, from the original issue date up to but excluding the relevant LTN mandatory redemption date.

**Repurchase upon a  
Change of Control:**

Same as STN

**Security:**

Same as STN, but without the benefit of the security over all issued share capital of Atlantis Fantasy Pearl Holdings, LLC held by Fantasy Pearl, LLC and the security over the Project Moonlight Secured Account. Please refer to further information on the security value as described under the section headed “STN – Security” in this letter from the Board.

In the event a default occurs under STN, this will trigger a cross-default under the LTN (and vice versa), and STN and LTN will have the same priority of enforcement between themselves with respect to the common security package.

**Colour Life Shares:**

Same as STN, to the extent applicable to LTN

**Amendments:**

Amendments to certain key provisions of the LTN, including but not limited to maturity, principal amount, interest, premium, mandatory redemptions (including pursuant to the specified assets cash sweep), ranking, certain waivers, certain releases of guarantees and certain releases of collateral, among others, shall be subject to the consent of holders of not less than 66.67% of the aggregate outstanding principal amount of the LTN.

**Key covenants:**

Same as STN, in the case of the cash sweep in respect of the specified assets, to the extent applicable to the LTN but without the benefit of the cash sweep in respect of Project Moonlight

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## LETTER FROM THE BOARD

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**Events of default:** Same as STN

**Form, denomination and registration:** Same as STN

**Listing:** Same as STN

The terms of the LTN were determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the option of paying part of the interest due in PIK, which will not create any immediate liquidity pressure on the Group; (iii) the distressed financial condition of the Company; (iv) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (v) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

### **Conditions of the issuance of LTN**

The issuance of LTN is conditional upon the fulfilment of each of the following conditions:

- (1) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of LTN and transactions contemplated thereunder;
- (2) the Singapore Stock Exchange granting the approval in principle for the listing of the LTN; and
- (3) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

### **5. SCHEME FEE SHARES**

The principal terms of the issuance of Scheme Fee Shares (comprising 173,935,261 Consent Fee Shares and 1,363,891,506 Work Fee Shares) on the Restructuring Effective Date are summarised as follows:

**Subscribers:** Subscribers (not less than six in number), being the Participating Creditors holding Early Eligible Participating Debt and the Ad Hoc Group

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the Scheme Fee Shares and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl International Limited and Baocollection Limited) are independent of the Company and its connected persons.

**Issue price:** HK\$0.10 per Scheme Fee Share

**Number of Shares:** 1,537,826,767 Scheme Fee Shares, of which 483,600 Shares will be allotted and issued to Fantasy Pearl International Limited and 1,333,800 Shares will be allotted and issued to Baocollection Limited

In particular, the Ad Hoc Group will be entitled to (i) 1,279,200,000 Shares, being the fixed work fee in the form of new Existing Shares; and (ii) 84,691,506 Shares, being the additional work fee in the form of new Existing Shares (which is determined based on the difference between (a) the number of Shares representing 0.1% of the Scheme Creditors' Claims (being 363,107,393 Shares) and (b) the number of Shares representing the amount of early consent fee that is actually paid on or prior to the Restructuring Effective Date). The fixed work fee and the additional work fee together represent the total work fee payable to the Ad Hoc Group pursuant to the Ad Hoc Group Work Fee Letter.

**Ranking of Scheme Fee Shares:** The Scheme Fee Shares allotted and issued will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.

**Listing:** An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Scheme Fee Shares.

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## LETTER FROM THE BOARD

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### Scheme Fee Shares

1,537,826,767 Scheme Fee Shares respectively represent approximately (i) 26.64% of the number of issued Shares as at the Latest Practicable Date; (ii) 21.04% of the number of issued Shares as enlarged by the issuance of Scheme Fee Shares; (iii) 8.49% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and (iv) 7.93% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares, in each case assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to maturity date of the MCB.

The issue price of HK\$0.10 per Scheme Fee Share represents:

- (1) a premium of 25.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of 19.05% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (3) a premium of 21.36% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (4) a premium of 23.46% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day.

The Board is of the view that the net asset value per Share is not a meaningful reference to determine the issue price of the Scheme Fee Shares, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

The issue price of the Scheme Fee Shares was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB with the intention that the Company would issue Scheme Fee Shares instead of making cash payments to settle the relevant fees to minimise the liquidity pressure, taking into account the prevailing trading price of the Shares at the relevant time and the par value of the Shares; (iii) the impact of

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## LETTER FROM THE BOARD

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the issue price on the level of support from the Scheme Creditors; (iv) the distressed financial condition of the Company; (v) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (vi) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

### Conditions of the issuance of Scheme Fee Shares

The allotment and issuance of Scheme Fee Shares is conditional upon the fulfilment of each of the following conditions:

- (1) the Increase in Authorised Share Capital having become effective;
- (2) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of Scheme Fee Shares and transactions contemplated thereunder;
- (3) the Listing Committee granting the listing of, and permission to deal in, the Scheme Fee Shares; and
- (4) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

## 6. LOAN CAPITALISATION

With respect to the Shareholder Loans, the Company proposes to implement the Loan Capitalisation on the Restructuring Effective Date, the principal terms of which are set out below:

<b>Subscriber:</b>	Fantasy Pearl International Limited
<b>Issue price:</b>	HK\$0.30 per Capitalisation Share
<b>Number of Shares:</b>	4,376,483,544 Shares, based on the aggregate outstanding principal amount of the Shareholder Loans of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063) (details of which are set out in the section of this letter from the Board headed “Shareholder Loans”) and the issue price of HK\$0.30 per Capitalisation Share

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## LETTER FROM THE BOARD

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All accrued but unpaid interest (including default interest) outstanding on the Shareholder Loans (being USD273,798,527 (equivalent to approximately HK\$2,135,628,511)) as at 12 February 2026) shall be waived on the Restructuring Effective Date and shall not be included for purposes of conversion under the Loan Capitalisation.

**Ranking of Capitalisation Shares:** The Capitalisation Shares allotted and issued will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.

### Capitalisation Shares

The Capitalisation Shares respectively represent approximately (i) 75.81% of the number of issued Shares as at the Latest Practicable Date; (ii) 43.12% of the number of issued Shares as enlarged by the issuance of Capitalisation Shares; (iii) 24.16% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and (iv) 22.56% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares, in each case assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to maturity date of the MCB.

The issue price of HK\$0.30 per Capitalisation Share represents:

- (1) a premium of 275.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of 257.14% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (3) a premium of 264.08% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (4) a premium of 270.37% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day.

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## LETTER FROM THE BOARD

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The Board is of the view the net asset value per Share is not a meaningful reference to determine the issue price of the Capitalisation Shares, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

The issue price of the Capitalisation Shares was determined after arm's length negotiation between the Company, the Ad Hoc Group and Ms. Zeng having considered, among other things, (i) the Shareholder Loans to be discharged; (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB with a view to allowing the controlling Shareholder to maintain reasonable control over the Company, which would in turn facilitate the Company's operations; (iii) the impact of the issue price on the level of support from the Scheme Creditors; (iv) Ms. Zeng's continued support for the Proposed Debt Restructuring through various means, including but not limited to the TFI Restructuring Agreement and the New Shareholder Loan; (v) the distressed financial condition of the Company; (vi) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (vii) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

### **Conditions of the Loan Capitalisation**

The allotment and issuance of Capitalisation Shares is conditional upon the fulfilment of each of the following conditions:

- (1) the Increase in Authorised Share Capital having become effective;
- (2) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Loan Capitalisation and transactions contemplated thereunder;
- (3) the Listing Committee granting the listing of, and permission to deal in, the Capitalisation Shares; and
- (4) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Upon completion of the Loan Capitalisation, the aggregate outstanding principal amount of the Shareholder Loans shall be deemed to have been fully repaid and the accrued but unpaid interests thereunder shall be waived on the Restructuring Effective Date.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company:

- (1) as at the Latest Practicable Date;
- (2) immediately after issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares on the Restructuring Effective Date;
- (3) immediately after issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares,

in each case assuming there is no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion) from the Latest Practicable Date up to the maturity date of the MCB.

	As at the Latest Practicable Date		Immediately after issuance of Scheme Creditor Shares, MCB Conversion Shares <sup>5</sup> (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares on the Restructuring Effective Date		Immediately after issuance of Scheme Creditor Shares, MCB Conversion Shares <sup>5</sup> (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ms. Zeng <sup>1</sup>	3,314,090,500	57.41	7,743,645,539	42.74	7,749,378,655	39.94
Mr. Guo	-	-	439,946	0.00	489,154	0.00
TCL Industries Holdings Co., Ltd. <sup>2</sup>	1,012,740,000	17.54	1,012,740,000	5.59	1,012,740,000	5.22
Subscribers (other than Ms. Zeng and Mr. Guo) <sup>3, 4</sup>	-	-	7,913,968,439	43.68	9,194,114,847	47.39
Public Shareholders	<u>1,445,767,364</u>	<u>25.05</u>	<u>1,445,767,364</u>	<u>7.98</u>	<u>1,445,767,364</u>	<u>7.45</u>
<b>Total</b>	<u><u>5,772,597,864</u></u>	<u><u>100.00</u></u>	<u><u>18,116,561,288</u></u>	<u><u>100.00</u></u>	<u><u>19,402,490,020</u></u>	<u><u>100.00</u></u>

Notes:

1. Fantasy Pearl International Limited is owned as to 80% by Ice Apex Limited and 20% by Graceful Star Overseas Limited. Ice Apex Limited is wholly owned by Ms. Zeng. Baocollection Limited is wholly owned by Ms. Zeng. Ms. Zeng is deemed to be interested in the Shares held by Fantasy Pearl International Limited and Baocollection Limited for the purpose of Part XV of the SFO.

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## LETTER FROM THE BOARD

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2. Li Rong Development Limited held 1,012,740,000 Shares. Li Rong Development Limited is wholly owned by TCL Industries Holdings (H.K.) Limited which is in turn wholly owned by TCL Industries Holdings Co., Ltd. TCL Industries Holdings Co., Ltd. is deemed to be interested in the Shares held by Li Rong Development Limited for the purpose of Part XV of the SFO.
3. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, none of the Subscribers (other than Ms. Zeng and Fantasy Pearl International Limited) is a Shareholder as at the Latest Practicable Date.
4. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, none of the Subscribers (other than Ms. Zeng and Fantasy Pearl International Limited) will be interested in 10% or more of the issued share capital of the Company immediately after the issuances of Shares on the Restructuring Effective Date and full conversion of the MCB, respectively, in each case assuming there is no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion) from the Latest Practicable Date up to the maturity date of the MCB and the MCB is converted at the initial MCB Conversion Price. In light of the aforesaid, none of the Subscribers (other than Ms. Zeng, Fantasy Pearl International Limited, Baocollection Limited and Mr. Guo) is expected to become a connected person of the Company immediately after occurrence of the Restructuring Effective Date.
5. The number of MCB Conversion Shares is determined based on each custody instruction received (subject to rounding), assuming there is no voluntary conversion.
6. As at the Latest Practicable Date, the Company had no outstanding options, warrants or other convertible securities which were convertible into Shares.

### **REASONS FOR AND BENEFITS OF THE ISSUANCES OF SCHEME CREDITOR SHARES, MCB, STN, LTN, SCHEME FEE SHARES AND LOAN CAPITALISATION**

As at 31 December 2025, the Group had approximately RMB68,596,408,000 (equivalent to approximately HK\$74,312,752,467.86) of indebtedness, comprising (i) the Existing Notes and Existing Additional Debt Instruments; (ii) the Shareholder Loans; and (iii) other liabilities which are excluded from the Schemes and Loan Capitalisation. As disclosed in the Restructuring Announcements, the Schemes and the Loan Capitalisation seek to address existing offshore indebtedness of the Company (after novation of the Shareholder Loans) in the aggregate outstanding principal amount of approximately USD4,823.5 million (equivalent to approximately HK\$37,623.7 million), comprising Existing Notes in an aggregate outstanding principal amount of USD4,018.4 million (equivalent to approximately HK\$31,343.2 million), Existing Additional Debt Instruments in an aggregate outstanding principal amount of USD636.9 million (equivalent to approximately HK\$4,967.6 million) and the Shareholder Loans in principal amount of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063), in exchange for the issuance of new Existing Shares (comprising Scheme Creditor Shares, Scheme Fee Shares, Capitalisation Shares and MCB Conversion Shares upon conversion of the MCB) and debt securities (comprising STN and LTN in the aggregate principal amount of approximately USD1,442.1 million) (equivalent to approximately HK\$11,248.2 million), thereby achieving a 70% principal reduction in the Company's indebtedness as at 31 December 2025. As at 31

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## LETTER FROM THE BOARD

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December 2025, the amount of the Company's liabilities excluded from the Schemes and Loan Capitalisation was approximately RMB348.8 million (equivalent to approximately HK\$377.9 million), which the Company will continue to address through measures including but not limited to taking steps to accelerate pre-sales and sales of the Group's properties under development and completed properties, exploring disposal of the Group's equity interests in certain project development companies or assets, discussing with existing lenders on the renewal of certain of the Group's borrowings and other liability management measures as appropriate.

Subject to the occurrence of the Restructuring Effective Date:

- (a) Scheme Creditors who have validly elected or been assigned or re-allocated Option 1, 2 and/or 3 of the Scheme Consideration will receive one or a combination of (Option 1) STN and MCB, (Option 2) LTN and Scheme Creditor Shares, and/or (Option 3) Scheme Creditor Shares; and
- (b) the Group will achieve a significant deleveraging as it would discharge the Scheme Creditors' Claims (together with interest) in exchange for issuing the STN, LTN, MCB and Scheme Creditor Shares. As the tenor of either of the STN and LTN exceeds five years, none of the newly issued notes will be classified as current liabilities of the Group upon their issuance. Upon completion of the Loan Capitalisation, the Group will also compromise the Shareholder Loans, thereby achieving further deleveraging. The debt reduction as result of the aforesaid transactions will significantly improve the overall financial position of the Group and alleviate the immediate liquidity pressure on the Group.

The Schemes received overwhelming support from approximately 99.67% of the total value of the Scheme Creditors' voting claims voting at the Scheme Meetings, which is a strong testament of the Scheme Creditors' support for both the Proposed Debt Restructuring (including but not limited to its terms and implementation) as well as the continued operations of the Company.

Apart from the Proposed Debt Restructuring, the Board explored alternative fundraising methods such as equity financing and debt financing. For instance, as disclosed in the announcement of the Company dated 8 April 2022, the Company entered into an agreement with Gortune Alternative Fund Management (Zhuhai Hengqin) Co., Ltd.\* ("**Gortune Alternative**") with a view to, among other things, promoting the effective implementation of an overall debt restructuring plan including positioning Gortune Alternative (or a party designated by it) as a possible strategic investor in the Group's debt restructuring, which subsequently did not materialise due to reasons including industry outlook and market conditions. On the other hand, the Company explored debt financing but there was no commercially viable option as the Company was in default and credit rating agencies withdrew ratings of the Company. Nonetheless, ongoing negotiations in relation to, and the implementation of, the Proposed Debt Restructuring made it challenging to seek fundraising alternatives for repaying the Existing Notes,

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## LETTER FROM THE BOARD

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Existing Additional Debt Instruments and Shareholder Loans given (A) the potential impact of the Proposed Debt Restructuring on the future shareholding, liquidity position and repayment ability of the Company, and (B) the potential consequences in the event the Proposed Debt Restructuring does not proceed. The Board was of the view that compromising the Existing Notes, Existing Additional Debt Instruments and Shareholder Loans in exchange for the issuance of new debt instruments for the same (or slightly reduced) principal amount would not adequately address the liquidity concerns faced by the Group. In the circumstances, the Board considered it would be more appropriate to issue the Scheme Creditor Shares and MCB as part of the Scheme Consideration and Capitalisation Shares under the Loan Capitalisation so that the Company could reduce the amount of outstanding indebtedness and alleviate liquidity pressures, whilst allowing holders of Shares to participate in the future returns of the Group as and when its business operations improve. As for the STN and LTN to be issued under the Proposed Debt Restructuring, given the tenor of either of the STN and LTN exceeds five years, none of the newly issued notes will be classified as current liabilities of the Group upon their issuance.

As mentioned above, the issue prices of the Scheme Creditor Shares/MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares represent the outcome of arm's length discussions when the relevant parties negotiated the overall economics and terms of the Proposed Debt Restructuring. Whilst the share issuances are all effected with a view to achieving deleveraging, the issue prices are not identical as the nature of the share issuances is not the same, namely Scheme Creditor Shares/MCB Conversion Shares as consideration for the compromise of the relevant portion of the Scheme Creditors' Claims, Scheme Fee Shares as incentive to attract support for the Proposed Debt Restructuring and to recognise the Ad Hoc Group for their assistance and time devoted to negotiations, and the Capitalisation Shares as consideration for the compromise of the Shareholder Loans. In negotiating and determining the issue prices, the relevant parties have also considered the significance of reflecting the value of compromise made by the relevant creditors (thereby collectively making up a considerable portion of ownership of the Company) as well as allowing the controlling Shareholder to maintain reasonable control over the Company to facilitate future operations.

As the Scheme Creditor Shares, MCB, STN, LTN, Scheme Fee Shares and Capitalisation Shares are issued in connection with the Company's debt restructuring exercise, the Company will not receive any cash proceeds from such issuances.

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## LETTER FROM THE BOARD

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Taking into account (i) the reasons for the issuance of Scheme Creditor Shares, MCB, STN, LTN, Scheme Fee Shares and Capitalisation Shares (noting the Proposed Debt Restructuring is the Company's further attempt after it was no longer feasible to proceed with the debt restructuring exercise on the terms disclosed in the announcement of the Company dated 29 April 2024); (ii) the deleveraging to be achieved with respect to the Company's balance sheet, including the reduction in the Group's indebtedness level as a result of the Proposed Debt Restructuring as well as the fact that the MCB does not bear interest and the tenor of either of the STN and LTN exceeds five years; (iii) the significance of securing financial resources for settling fees and expenses under the Proposed Debt Restructuring (by virtue of the New Shareholder Loan), settlement of which is a condition to occurrence of the Restructuring Effective Date; (iv) the significance of Scheme Fee Shares as an incentive to facilitate implementation of the Proposed Debt Restructuring and (v) potential consequences if the Company enters insolvent liquidation should the Proposed Debt Restructuring fail or cannot be implemented in a timely fashion, in which case (A) estimated recoveries to creditors would be very low and (B) no recovery would be made to Shareholders, the Board (other than the independent non-executive Directors (including Mr. Guo) and Ms. Zeng who abstained from voting at the relevant Board meeting) is of the view that the overall level of dilution resulting from the issuance of Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares (as disclosed in the section headed "Effect on the Shareholding Structure of the Company" in the letter from the Board of this circular) is acceptable.

### LISTING RULES IMPLICATIONS

The Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares will be allotted and issued under the specific mandates to be sought from the Shareholders at the EGM.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares.

As at the Latest Practicable Date, Ms. Zeng owns 100% of the issued shares of Ice Apex Limited, which owns 80% of the issued shares of Fantasy Pearl International Limited (an investment holding company), and Fantasy Pearl International Limited in turn owns approximately 57.41% of the issued Shares. As at the Latest Practicable Date, Ms. Zeng also owns 100% of the issued shares of Baocollection Limited (an investment holding company), which is not interested in any Shares. Ms. Zeng is a non-executive Director, the controlling shareholder and a connected person of the Company. As at the Latest Practicable Date, Ms. Zeng is interested in the Existing Notes in the aggregate outstanding principal amount of USD23,300,000 (equivalent to HK\$181,740,000) (comprising USD6,200,000 (equivalent to HK\$48,360,000) held by Fantasy Pearl International Limited and USD17,100,000 (equivalent to HK\$133,380,000) held by Baocollection Limited) and the Shareholder Loans in the aggregate outstanding principal amount of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063).

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## LETTER FROM THE BOARD

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Mr. Guo is an independent non-executive Director and a connected person of the Company. As at the Latest Practicable Date, Mr. Guo is interested in the Existing Notes in the aggregate outstanding principal amount of USD200,000 (equivalent to HK\$1,560,000) but he is not interested in any Shares.

Accordingly, each of the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholder approval requirements under Chapter 14A of the Listing Rules. Ms. Zeng, Ice Apex Limited and Fantasy Pearl International Limited, which hold an aggregate of 3,314,090,500 Existing Shares (representing 57.41% of the Company's issued share capital) as at the Latest Practicable Date, will be required to abstain from voting at the EGM in relation to the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation.

For the reasons stated above, Ms. Zeng is interested in the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation and Mr. Guo is interested in the issuance of Scheme Creditor Shares, MCB, STN and LTN and accordingly have abstained from voting on the resolutions of the Directors approving the said transactions. Other than Ms. Zeng and Mr. Guo, no Director is materially interested in the said transactions and accordingly no Director is required to abstain from voting on the resolutions of the Directors approving such matters.

Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder is required to abstain from voting at the EGM in relation to the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation.

### EXISTING NOTES

“**Existing Notes**” means the following publicly traded securities issued by the Company:

- (1) 7.375% senior notes due October 4, 2021 (the “**Existing October 2021 Notes**”) (ISIN: XS1498418224, common code: 149841822). As at the Scheme Record Date, the aggregate principal amount of the Existing October 2021 Notes outstanding was USD205,656,000 (equivalent to HK\$1,604,116,800);
- (2) 6.95% senior notes due December 17, 2021 (the “**Existing First December 2021 Notes**”) (ISIN: XS2275739378, Common Code: 227573937). As at the Scheme Record Date, the aggregate principal amount of the Existing First December 2021 Notes outstanding was USD249,500,000 (equivalent to HK\$1,946,100,000);

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## LETTER FROM THE BOARD

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- (3) 15.0% senior notes due December 18, 2021 (the “**Existing Second December 2021 Notes**”) (ISIN: XS1924249680, Common Code: 192424968). As at the Scheme Record Date, the aggregate principal amount of the Existing Second December 2021 Notes outstanding was USD299,000,000 (equivalent to HK\$2,332,200,000);
- (4) 14.5% senior notes due March 17, 2022 (the “**Existing March 2022 Notes**”) (ISIN: XS2321397734, common code: 232139773). As at the Scheme Record Date, the aggregate principal amount of the Existing March 2022 Notes outstanding was USD50,000,000 (equivalent to HK\$390,000,000);
- (5) 11.75% senior notes due April 17, 2022 (the “**Existing April 2022 Notes**”) (ISIN: XS1982124239, Common Code: 198212423). As at the Scheme Record Date, the aggregate principal amount of the Existing April 2022 Notes outstanding was USD297,500,000 (equivalent to HK\$2,320,500,000);
- (6) 7.95% senior notes due July 5, 2022 (the “**Existing July 2022 Notes**”) (ISIN: XS1640676885, common code: 164067688). As at the Scheme Record Date, the aggregate principal amount of the Existing July 2022 Notes outstanding was USD498,750,000 (equivalent to HK\$3,890,250,000);
- (7) 12.25% senior notes due October 18, 2022 (the “**Existing October 2022 Notes**”) (ISIN: XS2030329358, Common Code: 203032935). As at the Scheme Record Date, the aggregate principal amount of the Existing October 2022 Notes outstanding was USD350,000,000 (equivalent to HK\$2,730,000,000);
- (8) 10.875% senior notes due January 9, 2023 (the “**Existing January 2023 Notes**”) (ISIN: XS2100005771, Common Code: 210000577). As at the Scheme Record Date, the aggregate principal amount of the Existing January 2023 Notes outstanding was USD446,350,000 (equivalent to HK\$3,481,530,000);
- (9) 11.875% senior notes due June 1, 2023 (the “**Existing June 2023 Notes**”) (ISIN: XS2181037230, Common Code: 218103723). As at the Scheme Record Date, the aggregate principal amount of the Existing June 2023 Notes outstanding was USD542,000,000 (equivalent to HK\$4,227,600,000);
- (10) 9.25% senior notes due July 28, 2023 (the “**Existing July 2023 Notes**”) (ISIN: XS2210790783, Common Code: 221079078). As at the Scheme Record Date, the aggregate principal amount of the Existing July 2023 Notes outstanding was USD343,500,000 (equivalent to HK\$2,679,300,000);

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## LETTER FROM THE BOARD

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- (11) 9.875% senior notes due October 19, 2023 (the “**Existing October 2023 Notes**”) (ISIN: XS2245488262, Common Code: 224548826). As at the Scheme Record Date, the aggregate principal amount of the Existing October 2023 Notes outstanding was USD304,500,000 (equivalent to HK\$2,375,100,000);
- (12) 10.875% senior notes due March 2, 2024 (the “**Existing March 2024 Notes**”) (ISIN: XS2306557401, Common Code: 230655740). As at the Scheme Record Date, the aggregate principal amount of the Existing March 2024 Notes outstanding was USD231,600,000 (equivalent to HK\$1,806,480,000); and
- (13) 14.5% senior notes due June 25, 2024 (the “**Existing June 2024 Notes**”) (ISIN: XS2355049797, common code: 235504979). As at the Scheme Record Date, the aggregate principal amount of the Existing June 2024 Notes outstanding was USD200,000,000 (equivalent to HK\$1,560,000,000).

### EXISTING ADDITIONAL DEBT INSTRUMENTS

“**Existing Additional Debt Instruments**” means the following debt instruments under which the Company was either the primary debtor or obligor (such as guarantor or surety):

No.	Debt instrument	Margin/Coupon	Maturity date/Due date	Outstanding principal as at Scheme Record Date (USD)
1.	ISDA Master Agreement dated 14 November 2019 (as amended from time to time)	Funding rate + 1% p.a.	N/A <sup>Note</sup>	9,736,784.00 (equivalent to approximately HK\$75,946,915)
2.	ISDA Master Agreement dated 5 August 2019 (as amended from time to time)	Funding rate + 1% p.a.	N/A <sup>Note</sup>	258,200.00 (equivalent to HK\$2,013,960)
3.	HK\$300,000,000 term loan facility dated 12 November 2019 (as amended, supplemented or extended from time to time, including pursuant to a facility letter dated 18 November 2021)	1.0% per annum over HKD prime	27 November 2021	33,688,783.72 (equivalent to approximately HK\$262,772,513)
4.	HK\$200,000,000 term loan facility dated 9 June 2021 (as amended, supplemented or extended from time to time)	1.0% per annum over HKD prime	30 June 2022	25,641,025.64 (equivalent to approximately HK\$200,000,000)
5.	Settlement agreement in respect of the Company’s guarantee obligation dated 3 October 2025	N/A	30 June 2028 (extended)	155,394,720.98 (equivalent to approximately HK\$1,212,078,824)
6.	HK\$5,000,000 immigration bond	6.0%	23 April 2023	641,025.64 (equivalent to approximately HK\$5,000,000)

*Note:* There was no maturity date as the ISDA master agreement was designed as a standing, umbrella agreement governing derivatives transactions between parties on an ongoing basis.

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## LETTER FROM THE BOARD

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No.	Debt instrument	Margin/Coupon	Maturity date/Due date	Outstanding principal as at Scheme Record Date (USD)
7.	USD50,000,000 (equivalent to HK\$390,000,000) Series 2020-03 Secured Notes issued pursuant to a supplemental trust deed and having the benefit of a corporate guarantee dated 6 January 2021 from the Company	7.0% p.a., payable on 9 April 2021, 9 July 2021, 12 October 2021 and 5 January 2022	5 January 2022	50,000,000.00 (equivalent to HK\$390,000,000)
8.	An exercised put option (dated 6 January 2021) in the amount of USD50,000,000 (equivalent to HK\$390,000,000)	(a) 7.5% p.a. on USD50m (equivalent to HK\$390m) (from 6 January 2021 to 30 March 2021) to be paid on 30 March 2021  (b) 7.0% p.a. on USD50m (equivalent to HK\$390m) (from 30 March 2021 to 30 September 2021) to be paid on 30 June and 30 September 2021  (c) 8.9% p.a. on USD50m (equivalent to HK\$390m) (from 30 September 2021 to 30 December 2021) to be paid on 30 December 2021	28 September 2021	50,000,000.00 (equivalent to HK\$390,000,000)
9.	An exercised put option (dated 27 October 2020) in the amount of USD45,276,694 (equivalent to approximately HK\$353,158,213)	N/A	27 October 2021	45,276,694.00 (equivalent to approximately HK\$353,158,213)
10.	OCP Loan	N/A	20 December 2019	141,698,814.36 (equivalent to approximately HK\$1,105,250,752)

## LETTER FROM THE BOARD

No.	Debt instrument	Margin/Coupon	Maturity date/Due date	Outstanding principal as at Scheme Record Date (USD)
11.	RMB450,000,000 (equivalent to HK\$486,000,000) credit facility between a bank, Shenzhen Qianhai Huawanli Supply Chain Management Service Co., Ltd (深圳前海花萬里供應鏈管理服務有限公司) as borrower and the Company as guarantor	1-year LPR + 0.2%	23 February 2022	49,676,809.51 (equivalent to approximately HK\$387,479,114)
12.	Assignment of certain receivables and repurchase agreement between a counterparty, Sichuan Genxing Commerce Company Limited (四川互興商貿有限公司) and the Company having the benefit of, among other things, an agreement dated 8 November 2020 executed by the Company regarding any shortfall	(a) Upfront: 1.25% p.a., payable in 10 working days (b) Interim: 10.25% p.a., payable quarterly	11 May 2021	36,006,915.74 (equivalent to approximately HK\$280,853,943)
13.	An assignment of certain receivables and repurchase agreement between a counterparty, Chengdu Huike Real Estate Development Company Limited (成都匯科房地產開發有限公司) and the Company having the benefit of, among other things, an undated agreement executed by the Company regarding any shortfall	(a) Upfront: 1.25% p.a., payable in 10 working days; (b) Interim: 10.25% p.a., payable quarterly	4 July 2022	38,847,222.22 (equivalent to approximately HK\$303,008,333)

### SHAREHOLDER LOANS

“Shareholder Loans” means the following loans which are owed by the Company or will be novated to the Company on or before the Restructuring Effective Date:

- (1) a loan with outstanding principal amount of RMB70,000,000 (equivalent to approximately HK\$75,833,333) and interest rate of 9% per annum made to Fantasia Group China on 19 July 2021, which was novated on 30 June 2022 with the Company as the borrower and Fantasy Pearl International Limited as the lender and due on 19 January 2022;
- (2) a loan with outstanding principal amount of RMB20,000,000 (equivalent to approximately HK\$21,666,667) and interest rate of 9% per annum made to Fantasia Group China on 30 July 2021, which was novated on 30 June 2022 with the Company as the borrower and Fantasy Pearl International Limited as the lender and due on 30 January 2022;
- (3) a loan with outstanding principal amount of RMB20,000,000 (equivalent to approximately HK\$21,666,667) and interest rate of 9% per annum made to Fantasia Group China on 10 August 2021, which was novated on 30 June 2022 with the Company as the borrower and Fantasy Pearl International Limited as the lender and due on 10 February 2022;

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## LETTER FROM THE BOARD

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- (4) a loan with outstanding principal amount of RMB483,500,000 (equivalent to approximately HK\$523,791,667) and interest rate of 9% per annum made to Fantasia Group China on 17 June 2021, which was novated on 30 June 2022 with the Company as the borrower and Fantasy Pearl International Limited as the lender and due on 16 August 2021;
- (5) a loan with outstanding principal amount of USD17,000,000 (equivalent to HK\$132,600,000) and interest rate of 9% per annum made by Fantasy Pearl International Limited to Fantasia Investment on 16 July 2021, which was due on 15 January 2022;
- (6) a loan with outstanding principal amount of USD10,000,000 (equivalent to HK\$78,000,000) and interest rate of 9% per annum made by Fantasy Pearl International Limited to Fantasia Investment on 19 July 2021, which was due on 18 January 2022;
- (7) a loan with outstanding principal amount of USD200,000 (equivalent to HK\$1,560,000) and interest rate of 9% per annum made by Fantasy Pearl International Limited to Fantasia Investment on 29 July 2021, which was due on 27 January 2022;
- (8) a loan with outstanding principal amount of HK\$170,000,000 and interest rate of 9% per annum made by Fantasy Pearl International Limited to Fantasia Investment on 28 July 2021, which was due on 27 January 2022; and
- (9) a loan with outstanding principal amount of HK\$287,826,730 and interest rate of 9% per annum made by Fantasy Pearl International Limited to Fantasia Investment on 11 August 2021, which was due on 10 February 2022.

### **7. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval (by way of ordinary resolution at the EGM) of an increase in the Company's authorised share capital from HK\$800,000,000 divided into 8,000,000,000 Existing Shares to HK\$3,000,000,000 divided into 30,000,000,000 Existing Shares by creating an additional 22,000,000,000 unissued Existing Shares, and for such Shares to rank *pari passu* in all respects.

As the Company's authorised share capital is insufficient to cater for the issuance of Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares, and in order to accommodate subsequent business development and provide the Company with greater flexibility to raise funds in the future, the Board has proposed the Increase in Authorised Share Capital. The Board (other than Ms. Zeng and Mr. Guo who abstained from voting) believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Increase in Authorised Share Capital is conditional upon the passing of ordinary resolutions by the Independent Shareholders at the EGM to approve, respectively, the issuance of the Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares.

As described in the section headed “*Listing Rules Implications*” in this letter from the Board, Ms. Zeng is interested in the issuance of the Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares. Given the increase in authorised share capital is conditional upon such Shareholders’ approval of such issuances, Ms. Zeng, Ice Apex Limited and Fantasy Pearl International Limited will accordingly abstain from voting on the Increase in Authorised Share Capital at the EGM. Save as disclosed, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Increase in Authorised Share Capital and no Shareholder is required to abstain from voting on the Increase in Authorised Share Capital at the EGM.

### **8. PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.50 each in the share capital of the Company.

#### **Effect of the Share Consolidation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$800,000,000 divided into 8,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 5,772,597,864 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming (i) the Increase in Authorised Share Capital becomes effective; and (ii) there will be no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Share Consolidation other than the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price and no voluntary conversion), Scheme Fee Shares and Capitalisation Shares, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$3,000,000,000 divided into 6,000,000,000 Consolidated Shares with par value of HK\$0.50 each, of which 3,623,312,257 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

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## LETTER FROM THE BOARD

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Save for the expenses incurred by the Company in relation to the Share Consolidation, the Board considers that the implementation of the Share Consolidation will not, in itself, have any material adverse effect on the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders as a whole, except in respect of any fractional Consolidated Shares which will not be allocated to the Shareholders who may otherwise be entitled.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the fulfilment of each of the following conditions:

- (a) occurrence of the Restructuring Effective Date;
- (b) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (c) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (d) compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be Monday, 3 August 2026.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

### **Application for listing of the Consolidated Shares**

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the conversion of the MCB.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. Shareholders should seek advice from their licensed securities dealers or professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders otherwise entitled thereto, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Odd lot arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint Computershare Hong Kong Investor Services Limited, an independent third party, as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Any Shareholder who wishes to use this matching service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate number of odd lots of Shares available for matching. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangements.

### **Exchange of share certificates for the Consolidated Shares**

Subject to the Share Consolidation becoming effective, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Monday, 3 August 2026 to Tuesday, 8 September 2026 (both days inclusive), submit share certificates for the Existing Shares (in blue colour) to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares (in green colour). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

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## LETTER FROM THE BOARD

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The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Friday, 4 September 2026, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of five (5) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the share certificates for the Existing Shares which are in blue colour.

### **9. PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are currently traded on the Stock Exchange in board lot size of 1,500 Existing Shares. Subject to the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading in the shares on the Stock Exchange from 1,500 Existing Shares to 5,000 Consolidated Shares. The Change in Board Lot Size is not subject to Shareholders' approval.

Based on the closing price of HK\$0.082 per Existing Share (equivalent to the theoretical closing price of HK\$0.41 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the Latest Practicable Date, the value per board lot of 1,500 Existing Shares is HK\$123 and the estimated value per board lot of 5,000 Consolidated Shares would be HK\$2,050.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

### **Reasons for the Share Consolidation and the Change in Board Lot Size**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (as updated on 1 October 2020) stipulates that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

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## LETTER FROM THE BOARD

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For a majority of trading days in the past 15 months, the Existing Shares have been trading at or below HK\$0.10. During the same period, the value of each existing board lot (based on closing price) has been less than HK\$150 for a majority of trading days. Having considered the prevailing range of closing price of the Shares over the said period, and with a view to complying with the trading requirements under the Listing Rules after completion of the transactions in relation to the Proposed Debt Restructuring, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size.

The Board considers the proposed Share Consolidation and the Change in Board Lot Size would enable the share price of the Company and the board lot value to comply with the trading requirements under the Listing Rules. The proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. In determining the Share Consolidation ratio, the Board considered, among other things, alternative consolidation ratios (both higher and lower ratios) and proposed a five to one ratio after having taking into account (i) the prevailing trading price of the Shares; (ii) the expected share price movement following issuances of Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares on the Restructuring Effective Date; (iii) the par value of each Consolidated Share and implications on future equity issuances (if any); (iv) the current size of a Board lot (being 1,500 Existing Shares, which is a multiple of five); (v) the value of a Board lot of Consolidated Shares immediately after the Share Consolidation and Change in Board Lot Size; (vi) the overall impact of the Share Consolidation and the Change in Board Lot Size on the trading liquidity of the Shares; and (vii) procurement of odd lot arrangement and matching services to mitigate the impact of the Share Consolidation and Change in Board Lot Size on the Shareholders. Further, the Share Consolidation and Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities trade.

In view of the above reasons, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

The Board believes the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation and no Shareholder is required to abstain from voting on the Share Consolidation at the EGM.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted or announced any fund raising exercises in connection with any issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

Other than (i) issuance of Scheme Creditor Shares, Scheme Fee Shares and Capitalisation Shares, MCB, STN and LTN in connection with the Proposed Debt Restructuring and the Loan Capitalisation and (ii) the New Shareholder Loan, the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises whether in connection with any onshore liability management exercise or otherwise when suitable fund-raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

### INFORMATION ON THE GROUP

The Company is an investment holding company.

The Group is principally engaged in the development and investment of residential and commercial properties, property management, and commercial property operations in the PRC.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the connected transactions in relation to the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation.

The Board has appointed Opus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A letter from Opus Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 73 to 146 of this circular.

### EGM AND PROXY ARRANGEMENT

A notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular. Pursuant to the requirements of the Listing Rules, all votes to be taken at the EGM will be by poll.

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## LETTER FROM THE BOARD

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A form of proxy for the EGM is enclosed herewith. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the form of proxy and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person should you so wish and in such event, the form of proxy shall be deemed to be revoked.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 70 to 71 of this circular and (ii) the letter from Opus Capital Limited as set out on 73 to 146 of this circular.

Having taken into account the aforementioned reasons and benefits, the Board consider the terms of the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares, Loan Capitalisation (including the relevant issue/conversion prices), the Increase in Authorised Share Capital and the Share Consolidation to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares, the Loan Capitalisation, the Increase in Authorised Share Capital and the Share Consolidation, as detailed in the EGM notice.

### ADDITIONAL INFORMATION

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

**Shareholders and potential investors of the Company should note that the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation are subject to the satisfaction of certain conditions. Accordingly, the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation may or may not proceed. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. When in doubt, shareholders and other investors are advised to seek professional advice from their own professional or financial advisers.**

By order of the Board  
**Fantasia Holdings Group Co., Limited**  
**LIN Zhifeng**  
*Executive Director*

花 樣 年

FANTASIA

**Fantasia Holdings Group Co., Limited**

**花樣年控股集團有限公司**

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

**(Stock Code: 1777)**

29 April 2026

*To the Independent Shareholders*

Dear Sir/Madam,

**RESTRUCTURING OF OFFSHORE DEBT**

- (1) ISSUANCE OF SCHEME CREDITOR SHARES UNDER SPECIFIC MANDATE AND RELATED CONNECTED TRANSACTION**
- (2) ISSUANCE OF MANDATORY CONVERTIBLE BONDS DUE 2027 AND RELATED CONNECTED TRANSACTION**
- (3) ISSUANCE OF SHORT TERM NOTES DUE 2031 AND RELATED CONNECTED TRANSACTION**
- (4) ISSUANCE OF LONG TERM NOTES DUE 2034 AND RELATED CONNECTED TRANSACTION**
- (5) ISSUANCE OF SCHEME FEE SHARES UNDER SPECIFIC MANDATE AND RELATED CONNECTED TRANSACTION**
- (6) CONNECTED TRANSACTION IN RELATION TO CAPITALISATION OF SHAREHOLDER LOANS**

We refer to the circular issued by the Company dated 29 April 2026 (the “**Circular**”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders on whether, in our opinion, the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation. We wish to draw your attention to the “Letter from the Board” as set out on pages 14 to 70 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 73 to 146 of the Circular.

Having taken into account the factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that, although the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation are not in the ordinary and usual course of business of the Group, the said transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Fantasia Holdings Group Co., Limited**

**Mr. Leung Yiu Cho**

*Independent non-executive Director*

**Mr. Ma Yu-heng**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is the full text of a letter of advice from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation for the purpose of inclusion in this circular.



18th Floor, EC Healthcare Tower (Central)  
19-20 Connaught Road Central  
Central, Hong Kong

29 April 2026

To: The Independent Board Committee and the Independent Shareholders of Fantasia Holdings Group Co., Limited

Dear Sir or Madam,

**RESTRUCTURING OF OFFSHORE DEBT**  
**(1) ISSUANCE OF SCHEME CREDITOR SHARES UNDER SPECIFIC MANDATE AND RELATED CONNECTED TRANSACTION**  
**(2) ISSUANCE OF MANDATORY CONVERTIBLE BONDS DUE 2027 AND RELATED CONNECTED TRANSACTION**  
**(3) ISSUANCE OF SHORT TERM NOTES DUE 2031 AND RELATED CONNECTED TRANSACTION**  
**(4) ISSUANCE OF LONG TERM NOTES DUE 2034 AND RELATED CONNECTED TRANSACTION**  
**(5) ISSUANCE OF SCHEME FEE SHARES UNDER SPECIFIC MANDATE AND RELATED CONNECTED TRANSACTION**  
**AND**  
**(6) CONNECTED TRANSACTION IN RELATION TO CAPITALISATION OF SHAREHOLDER LOANS**

### INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the connected transactions in relation to issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares to Ms. Zeng, Fantasy Pearl International Limited (“**Fantasy Pearl**”), Baocollection Limited (“**Baocollection**”) and Mr. Guo (collectively the “**Connected Persons**”); and (ii) the Loan Capitalisation (collectively the “**Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 29 April 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Reference is made to the Announcements. The Company has obtained sufficient support from the Scheme Creditors, evidenced by the Schemes receiving overwhelming support from approximately 99.67% of the total value of the Scheme Creditors' voting claims voting at the Scheme Meetings which were convened on 20 February 2026. Each of the Hong Kong Scheme Court and the Cayman Court has sanctioned the Hong Kong Scheme and the Cayman Scheme on 12 March 2026, respectively. The scheme effective date for each of the Hong Kong Scheme and the Cayman Scheme is 13 March 2026. Subject to the occurrence of the Restructuring Effective Date:

- (a) Scheme Creditors who have validly elected or been assigned or re-allocated Option 1, 2 and/or 3 of the Scheme Consideration will receive one or a combination of (Option 1) STN and MCB, (Option 2) LTN and Scheme Creditor Shares, and/or (Option 3) Scheme Creditor Shares. To the extent that elections of Options are made (in the case of Option 3, including such amounts of Scheme Creditors' Claims allocated to Option 3 due to non-election ("**Deemed Election**")) exceeding the relevant Size Cap (as defined below) for any particular Option, Scheme Creditors who elected that Option (in the case of Option 3, including a Deemed Election) will receive the Scheme Consideration for that Option on a pro rata basis up to the Size Cap, with the excess Scheme Creditors' Claims automatically reallocated to the other Options to the extent of the remaining balance of the relevant Size Cap in such other Option(s) on a pro rata basis; and
- (b) all amounts owed by the Group under the Existing Notes and Existing Additional Debt Instruments (including the outstanding principal amount and interest accrued) will be discharged in full.

Options 1, 2 and 3 of the Scheme Consideration are subject to a cap ("**Size Cap**"), being the multiple of (i) the scaling factor (as detailed below) and (ii) USD2,600 million, USD1,400 million and USD830 million (equivalent to HK\$20,280 million, HK\$10,920 million and HK\$6,474 million), respectively. The scaling factor means the number (expressed as a fraction) which is equal to (A) the Scheme Creditors' Claims divided by (B) USD4,830 million (equivalent to HK\$37,674 million), being the sum of USD2,600 million, USD1,400 million and USD380 million and representing the anticipated aggregate Scheme Creditors' Claims based on information available to the Company around the time of negotiation of the terms of the Proposed Debt Restructuring. Subsequently, the Company entered into bilateral settlements (including the TFI Restructuring Agreement) that led to the final aggregate Scheme Creditors' Claims being lower than the initially anticipated aggregate Scheme Creditors' Claims.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Scheme Consideration comprises:

**Option Details**

- 1 for USD1 (equivalent to HK\$7.80) of Scheme Creditors' Claims (approximately USD2,505.9 million (equivalent to approximately HK\$19,546.15 million)), STN in the principal amount of USD0.25 (equivalent to HK\$1.95) and MCB in the principal amount of USD0.20 (equivalent to HK\$1.56), representing a discount of 55% to the relevant Scheme Creditors' Claims
- 2 for USD1 (equivalent to HK\$7.80) of Scheme Creditors' Claims (approximately USD1,349.3 million (equivalent to approximately HK\$10,524.85 million)), LTN in the principal amount of USD0.60 (equivalent to HK\$4.68) and such number of Scheme Creditor Shares equal to USD0.15 (equivalent to HK\$1.17) divided by the issue price of HK\$1.52 per new Existing Share, representing a discount of 25% to the relevant Scheme Creditors' Claims
- 3 for USD1 of Scheme Creditors' Claims (approximately USD800.0 million (equivalent to approximately HK\$6,239.73 million)), such number of Scheme Creditor Shares equal to USD1 (equivalent to HK\$7.80) divided by the issue price of HK\$1.52 per new Existing Share

In connection with the Proposed Debt Restructuring, the Company is required to pay certain consent fees and work fees to the Participating Creditors and the Ad Hoc Group respectively in the form of Scheme Fee Shares and/or STN.

Ms. Zeng proposes to, through Fantasy Pearl, provide or procure the provision of the New Shareholder Loan to the Company shortly prior to the Restructuring Effective Date to fund certain fees and expenses payable under the Proposed Debt Restructuring on or about the Restructuring. The Company also proposes to implement the Loan Capitalisation to settle the Shareholder Loans on the Restructuring Effective Date.

The Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares will be allotted and issued under the specific mandates to be sought from the Shareholders at the EGM.

As at the Latest Practicable Date, Ms. Zeng owns 100% of the issued shares of Ice Apex Limited, which owns 80% of the issued shares of Fantasy Pearl, and Fantasy Pearl in turn owns approximately 57.41% of the issued Shares. As at the Latest Practicable Date, Ms. Zeng also owns 100% of the issued shares of Baocollection, which is not interested in any Shares. Ms. Zeng is a non-executive Director and the controlling shareholder of the Company. Accordingly she is a connected person of the Company. As at the Latest Practicable Date, Ms. Zeng is interested in the Existing Notes in the aggregate outstanding principal amount of USD23,300,000 (equivalent to HK\$181,740,000) (comprising USD6,200,000 (equivalent to HK\$48,360,000) held by Fantasy Pearl and USD17,100,000 (equivalent to HK\$133,380,000) held by Baocollection) and the Shareholder Loans in the aggregate outstanding principal amount of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Mr. Guo is an independent non-executive Director. Accordingly he is a connected person of the Company. As at the Latest Practicable Date, Mr. Guo is interested in the Existing Notes in the aggregate outstanding principal amount of USD200,000 (equivalent to HK\$1,560,000) but he is not interested in any Shares.

In view of the above, each of the Connected Transactions constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules. Ms. Zeng, Ice Apex Limited and Fantasy Pearl, which hold an aggregate of 3,314,090,500 Existing Shares (representing 57.41% of the Company's issued share capital) as at the Latest Practicable Date, will be required to abstain from voting at the EGM in relation to the Connected Transactions.

Save for the Shareholders disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the Latest Practicable Date, no Shareholder is required to abstain from voting at the EGM in relation to the Connected Transactions.

For the reasons stated above, Ms. Zeng is interested in the Connected Transactions and Mr. Guo is interested in the issuance of Scheme Creditor Shares, MCB, STN and LTN and accordingly both have abstained from voting on the resolutions of the Directors approving the said transactions.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising two (2) out of three (3) independent non-executive Directors who do not have a material interest in the matters to be considered at the EGM, namely Mr. Leung Yiu Cho and Mr. Ma Yu-heng, has been formed to advise the Independent Shareholders on whether (a) the Connected Transactions and the transactions contemplated thereunder (i) are conducted in the ordinary and usual course of business of the Group; (ii) are in the interests of the Company and the Shareholders as a whole; and (iii) whose terms are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (b) how to vote on the resolutions at the EGM.

Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

### OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company on the connected and major transaction under the TFI Restructuring Agreement in relation to a dispute involving shares in a subsidiary, details of which are set out in the circular of the Company dated 24 February 2026 (the "**Past Appointment**").

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Group, Ms. Zeng, Mr. Guo, Fantasy Pearl, Baocollection, Ice Apex Limited or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this appointment, apart from the Past Appointment, we have not: (i) acted in the capacity as financial adviser or independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable to us in connection with the Past Appointment and this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Ms. Zeng, Mr. Guo, Fantasy Pearl, Baocollection, Ice Apex Limited or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual reports for the year ended 31 December ("FY") 2023 (the "**2023 Annual Report**") and 2024 (the "**2024 Annual Report**");
- (ii) the Company's annual results announcement for FY2025 (the "**2025 Annual Results Announcement**");
- (iii) RSA;
- (iv) TFI Restructuring Agreement; and
- (v) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Connected Transactions and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation in respect of the Connected Transactions, we have taken into consideration the following principal factors and reasons:

#### **1. Background information of the Group**

##### ***Business profile***

The Company is a limited liability company incorporated in Cayman Islands. The Group is principally engaged in property development, property investment, property operation services and others (including hotel operation, project management, property agency services and other related services) in the PRC. Revenue from property development and property operation services accounted for the majority of the revenue of the Group from FY2022 to FY2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial information*

The following is a summary of the audited financial results of the Group for FY2025, FY2024 and FY2023, as extracted from the 2025 Annual Results Announcement, the 2024 Annual Report and the 2023 Annual Report:

**Table 1: Highlights of the financial results of the Group**

	<b>FY2025</b>	<b>FY2024</b>	<b>FY2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Contracts with customers	4,728,107	4,357,519	15,595,035
– Property development	1,888,567	1,593,015	13,246,488
– Property operation services	2,790,736	2,702,019	2,169,934
– Others <sup>Note</sup>	48,804	62,485	178,613
Leases	197,100	216,032	249,058
<b>Total Revenue</b>	<b>4,925,207</b>	<b>4,573,551</b>	<b>15,844,093</b>
Cost of sales and services	(4,321,828)	(3,824,840)	(13,371,824)
Gross profit	603,379	748,711	2,472,269
Loss for the period/year attributable to owners of the Company	(9,186,088)	(8,311,567)	(6,488,010)

*Source: 2025 Annual Results Announcement, 2024 Annual Report and 2023 Annual Report*

*Note: The segment revenue from others includes revenue from hotel operation, property project management, property agency services and other related services.*

### *FY2025 vs FY2024*

Around 96.0% of total revenue of the Group was derived from contracts with customers, with property operation services being the major revenue contributor, constituting approximately 59.0% of the total revenue generated from contracts with customers for FY2025. This was followed by property development segment contributing approximately 39.9%. Both these segments made up about 99.0% of the total revenue generated from contracts with customers for FY2025. Similarly in FY2024, both these segments contributed about 98.6% of the total revenue generated from contracts with customers. Lease revenue, which comprises of revenue generated from leasing of investment properties of the Group, only constituted about 4.0% and 4.7% of the total revenue, respectively for the years under review.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During FY2025, the Group recorded revenue of approximately RMB4.9 billion, representing an increase of approximately 7.7% from approximately RMB4.6 billion in FY2024. Revenue from property development and property operation services segments experienced an increase of approximately 18.6% and 3.3% respectively. On the other hand, revenue from others segment experienced a total decrease of approximately 21.9% as compared to FY2024.

Revenue from property development in FY2025 of approximately RMB1.9 billion witnessed a surge of approximately 18.6% compared to FY2024. This was mainly attributable to the Group having sold approximately 220,409 square metre (“sq.m.”) of properties in gross floor area (“GFA”) in FY2025, representing a hike of approximately 35.3% compared to FY2024. The surge in the GFA of delivered properties during FY2025 resulted in the increased revenue recognised in FY2025 since the Company recognises revenue from property development when the customer obtains control of the completed property and the Group has present right to payment and the collection of consideration is probable. Revenue from property development represents proceeds from the sales of the Group’s properties held for sale. The average selling price (“ASP”) was approximately RMB8,074 per sq.m. in FY2025, representing a decline of approximately 30.3% compared to RMB11,586 per sq.m. in FY2024.

A small rise of approximately 3.3% to approximately RMB2.8 billion for revenue derived from property operation services in FY2025 was primarily due to the increase in the service projects provided by the Group during FY2025.

Despite the revenue increase during FY2025, the Group’s gross profit margin fell to approximately 12.3% for FY2025 compared to approximately 16.4% for FY2024. The decrease in gross profit margin was mainly due to the further decline in gross profit in the property development segment. The Group recorded a gross profit of approximately RMB603.4 million in FY2025, a decline of approximately 19.4% as compared to that of FY2024.

The Group recorded loss attributable to owners of the Company at approximately RMB9.2 billion for FY2025, representing an increase by approximate 10.5% compared to FY2024. The major factors, amongst others, contributing to the increased loss in FY2025 were (i) an approximate 19.4% decline in gross profit; and (ii) an approximate 23.4% increase in write-down on properties for sales (net of reversal) to approximately RMB3.6 billion in FY2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2025, the Group had a total of 14 projects or phases of project held for development with a total GFA of 5,921,908 sq.m., with 12 projects or phases of projects under construction with a total GFA of 954,006 sq.m.. As at 31 December 2025, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 6,875,914 sq.m. after deducting projects already sold.

### *FY2024 vs FY2023*

Similar to FY2025 under review, about 95.3% of total revenue of the Group was derived from contracts with customers for FY2024. Both property development and property operation services segments continued to dominate over 98.5% of the total revenue generated from contracts with customers for FY2024 and FY2023 respectively.

During FY2024, the Group recorded revenue of approximately RMB4.6 billion, marking a significant decrease of approximately 71.1% from approximately RMB15.8 billion registered in FY2023. This was mainly attributable to a drastic decline of over 87% in the property development segment year-on-year (“YoY”). Other segments such as hotel operations and others also experienced a drop of approximately 72.8% and 31.2% respectively albeit the quantum in FY2024 only constituted approximately 1.4% of the total revenue generated from contracts with customers.

The Group sold approximately 162,955 sq.m. of properties in GFA in FY2024, a marked deterioration of approximately 78.1% compared to 743,061 sq.m. sold in FY2023 YoY. The decrease in revenue recognised from property development in FY2024 was due to less area of properties completed and delivered during the year as the real estate market continued to be under pressure while the Group faced liquidity shortage. ASP was approximately RMB11,586 per sq.m. in FY2024, indicating an approximate 5.4% decline from approximately RMB12,246 per sq.m. in FY2023. The reduction was due to decline in sales volume evidenced by the drastic drop in revenue and GFA sold attributable to general weakened consumer confidence.

Revenue derived from property operation services increased by 24.5% to approximately RMB2.7 billion in FY2024, primarily due to the increase in the property management services under lump sum basis provided by the Group in FY2024.

The Group still managed to record a decent gross profit of approximately RMB0.7 billion for FY2024, albeit a drastic drop of approximately 69.7% as compared to FY2023 YoY. Gross profit margin nonetheless improved to 16.4% when compared to approximately 15.6% for FY2023. The slight increase in gross profit margin was mainly due to the increase of the proportion of property operation services with a higher profit margin. The property operation services segment constituted about 62.0% of the total revenue from contracts with customers against a mere 13.9% in FY2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group continued to record loss attributable to owners of the Company at approximately RMB8.3 billion for FY2024, with its loss position further deteriorated by approximately 28.1% in comparison to FY2023. The major factors, amongst others, contributing to the increased loss in FY2024 were (i) an approximate 49.9% increase in write-down on properties for sales to approximately RMB2.9 billion in FY2024 to reflect the decrease in net realisable value due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments; and (ii) a surge in finance costs of approximately 45.8% to approximately RMB4.2 billion for FY2024. The increase in finance costs was primarily due to the decrease in the Group's projects under construction and in the amount of interest capitalisation accordingly.

The following is a summary of the audited financial positions of the Group as at 31 December 2025, 31 December 2024 and 31 December 2023 respectively, as extracted from the 2025 Annual Result Announcement and the 2024 Annual Report:

**Table 2: Highlights of the financial positions of the Group**

	As at 31 December		
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
<b>Non-current assets</b>	<b>12,896,534</b>	<b>15,167,246</b>	<b>17,996,225</b>
Investment properties	5,634,816	6,475,598	6,739,261
Interests in associates	1,443,872	1,434,385	1,266,765
Interests in joint ventures	2,600,363	2,699,721	2,726,624
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	1,158,671	12,144,258	3,606,867
<b>Current assets</b>	<b>53,832,138</b>	<b>58,038,695</b>	<b>59,723,869</b>
Properties for sale	36,332,144	37,854,149	37,247,690
Trade and other receivables	10,090,103	11,541,593	12,505,601
<b>Total assets</b>	<b>66,728,672</b>	<b>73,205,941</b>	<b>77,720,094</b>
<b>Non-current liabilities</b>	<b>7,125,953</b>	<b>10,086,492</b>	<b>13,332,565</b>
Borrowings due after one year	-	1,907,078	5,380,899
Bonds due after one year	7,075,511	7,923,296	7,554,299
<b>Current liabilities</b>	<b>80,191,816</b>	<b>74,152,556</b>	<b>66,412,141</b>
Trade and other payables	11,084,031	9,113,265	7,499,634
Borrowings due within one year	18,612,904	16,040,841	12,834,961
Senior notes and bonds due within one year	42,601,185	39,119,696	35,428,805
<b>Total liabilities</b>	<b>87,317,769</b>	<b>84,239,048</b>	<b>79,744,706</b>
<b>Capital deficiency</b>	<b>(20,589,097)</b>	<b>(11,033,107)</b>	<b>(2,024,612)</b>

Source: 2025 Annual Results Announcement and 2024 Annual Report

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2025, total assets and liabilities of the Group were approximately RMB66.7 billion and RMB87.3 billion respectively, registering an approximate decrease of 8.9% in total assets but an increase of approximately 3.7% in total liabilities respectively. Capital deficit worsened by approximately 86.6% to RMB20.6 billion as at 31 December 2025 following the continuous loss recorded.

As at 31 December 2025, non-current assets and current assets represented approximately 19.3% and 80.7% of the total assets respectively. Major components of non-current assets comprised of investments in properties and interests in associates and joint ventures, which remained relatively stable as at 31 December 2025 and 2024, with only a 13.0% drop in investments in properties. Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures however experienced a significant decline of approximately 46.0% as at 31 December 2025. Major items of current assets consisted of properties for sale and trade and other receivables which witnessed a small drop of 4.0% and 12.6% respectively between the two year ends.

Current liabilities represented a significant portion of the total liabilities at approximately 91.8%. Senior notes and bonds due within one year constituted more than 50% of the current liabilities, followed by borrowings due within one year and trade and other payables. Bonds due after one year was the only major item of the non-current liabilities. This indicated that the Group faces difficulty in settling its indebtedness and the urgent need to enter into the Proposed Debt Restructuring.

As at 31 December 2024, total assets of the Group continued to slide by approximately 5.8% to approximately RMB73.2 billion whilst total liabilities saw a hike of 5.6% to approximately RMB84.2 billion. The Group registered a higher capital deficit at approximately RMB11.0 billion due to the higher loss recorded in FY2024.

As at 31 December 2023, total assets of the Group amounted to approximately RMB77.7 billion while total liabilities were approximately RMB79.7 billion. The Group still recorded a capital deficit of approximately RMB2.0 billion

As at 31 December 2024 and 2023, current assets continued to dominate the total assets at 79.3% and 76.8% respectively, with properties for sale and trade and other receivables being the major items. For the non-current assets, the major components consist of investment in properties, interests in associates, interests in joint ventures and deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures and constitute a total of 84.1% and 79.7% for the two respective year-end.

Current liabilities represented more than 80.0% of the total liabilities as at 31 December 2024 and 2023, with senior notes and bonds due within one year, borrowings due within one year and trade and other payables making up a large proportion of the amount. Bonds due after one year was the main component of the non-current liabilities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the financial position of the Group for the past three (3) financial years as stated above, we noted that (i) the Group's gearing ratio (calculated as total liabilities divided by total assets) were approximately 130.9%, 115.1% and 102.6% respectively as at 31 December 2025, 2024 and 2023; (ii) the Group continuously recorded a capital deficit for the three (3) respective year-end; and (iii) the Group registered net current liabilities position for the three (3) financial years. This indicated that the Group is in a dire position in meeting its debt obligations which are overdue and faced significant difficulty in raising funds or improving its operations to settle its liabilities. Accordingly, the Proposed Debt Restructuring represents a much-needed lifeline to the Group to implement a financially feasible plan with its creditors whilst returning the Group to a healthy position going forward.

### ***Material uncertainties relating to going concern***

#### *FY2025*

We noted from the 2025 Annual Results Announcement that, while the Board has prepared the consolidated financial statements of the Group as at 31 December 2025 on a going concern basis, the Company's auditor, Prism Hong Kong Limited (*formerly known as Prism Hong Kong and Shanghai Limited*) ("**Prism**"), has drawn attention to multiple uncertainties relating to going concern, the conditions, together with other matters, indicating the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern (the "**Going Concern Issue**"), details of which are summarised as follows:

- (i) the Group incurred net loss of RMB9,498,500,000 for FY2025;
- (ii) as at 31 December 2025, the Group's net current liabilities and net liabilities amounted to RMB26,359,678,000 and RMB20,589,097,000, respectively;
- (iii) as at 31 December 2025, the Group's current liabilities (including those that had become default or cross default or contain early demand clauses) amounted to RMB80,191,816,000;
- (iv) as at 31 December 2025, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB43,824,896,000 according to their scheduled repayment dates. As a result, as at 31 December 2025, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) had become default; and
- (v) subsequent to 31 December 2025, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We also note that it is not the first year that Prism has drawn attention to material uncertainty related to the Going Concern Issue. In fact, Prism had issued a disclaimer of opinion in relation to material uncertainties on going concern in respect of the Group's financial statements for each of FY2021 to FY2025 under similar circumstances in its independent auditor's reports.

As stated in the 2025 Annual Result Announcement, the validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

- (i) successfully completing the offshore debt restructuring;
- (ii) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;
- (iii) successfully obtaining of additional new sources of financing as and when needed;
- (iv) successfully disposing of the Group's equity interest in project development companies when suitable; and
- (v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern. As stated in the 2025 Annual Results Announcement, in view of the circumstances relating to going concern, the Directors have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by the management for a period of not less than 12 months from the date of the reporting period. The Directors, taking into account plans and measures formulated with the objective to mitigate the liquidity pressure of the Group, are of the opinion and are satisfied that it is appropriate to prepare the consolidated financial statements for FY2025 on a going concern basis. Notwithstanding the above, given the volatility of the property sector in PRC and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our assessment*

We note that the Group has been registering consecutive loss attributable to owners of the Company for the year coupled with the Going Concern Issue since FY2021. The Company is facing significant pressure on its working capital and liquidity position. The challenging financial position also casts doubt on the Company as a going-concern. With the existence of the Going Concern Issue, it would be difficult for the Group to raise funds of a significant amount through equity or debt financing. We noted that the Board did explore alternative fundraising methods such as equity financing and debt financing but such plans did not materialise due to reasons which include (i) industry outlook and market conditions; (ii) that the Company was in default and credit rating agencies withdrew ratings of the Company; (iii) the potential impact of the Proposed Debt Restructuring on the future shareholding, liquidity position and repayment ability of the Company; and (iv) the potential consequences in the event the Proposed Debt Restructuring does not proceed. It is critically important for the Group to reduce its gearing level such that it could strengthen the financial position of the Group and alleviate the Going Concern Issue. This will in turn place the Group in a better position to negotiate and obtain fund raising arrangements or debt financing for its business operations when necessary. Accordingly the Proposed Debt Restructuring represents a feasible solution for the Group to achieve the above-mentioned objectives and provides a lifeline in preventing the Group from going into a liquidation scenario.

### **2. Background and reasons for the Proposed Debt Restructuring**

As disclosed in the Letter from the Board, as at 31 December 2025, the Group had approximately RMB68,596,408,000 (equivalent to approximately HK\$74,312,752,467.86) of indebtedness, comprising (i) the Existing Notes and Existing Additional Debt Instruments; (ii) the Shareholder Loans; and (iii) other liabilities which are excluded from the Schemes and Loan Capitalisation. The Schemes and the Loan Capitalisation seek to address existing offshore indebtedness of the Company (after novation of the Shareholder Loans) in the aggregate outstanding principal amount of approximately USD4,823.5 million (equivalent to approximately HK\$37,623.7 million), comprising Existing Notes in an aggregate outstanding principal amount of USD4,018.4 million (equivalent to approximately HK\$31,343.2 million), Existing Additional Debt Instruments in an aggregate outstanding principal amount of USD636.9 million (equivalent to approximately HK\$4,967.6 million) and the Shareholder Loans in principal amount of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063), in exchange for the issuance of new Existing Shares (comprising Scheme Creditor Shares, Scheme Fee Shares, Capitalisation Shares and MCB Conversion Shares upon conversion of the MCB) and debt securities (comprising STN and LTN in the aggregate principal amount of approximately USD1,442.1 million) (equivalent to approximately HK\$11,248.2 million), thereby achieving a 70% principal reduction in the Company's indebtedness as at 31 December 2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2025, the amount of the Company's liabilities excluded from the Schemes and Loan Capitalisation was approximately RMB348.8 million (equivalent to approximately HK\$377.9 million), which the Company will continue to address through measures including but not limited to taking steps to accelerate pre-sales and sales of the Group's properties under development and completed properties, exploring disposal of the Group's equity interests in certain project development companies or assets, discussing with existing lenders on the renewal of certain of the Group's borrowings and other liability management measures as appropriate.

Subject to the occurrence of the Restructuring Effective Date:

- (a) Scheme Creditors who have validly elected or been assigned or re-allocated Option 1, 2 and/or 3 of the Scheme Consideration will receive one or a combination of (Option 1) STN and MCB, (Option 2) LTN and Scheme Creditor Shares, and/or (Option 3) Scheme Creditor Shares; and
- (b) the Group will achieve a significant deleveraging as it would discharge the Scheme Creditors' Claims (together with interest) in exchange for issuing the STN, LTN, MCB and Scheme Creditor Shares. As the tenor of either of the STN and LTN exceeds five years, none of the newly issued notes will be classified as current liabilities of the Group upon their issuance. Upon completion of the Loan Capitalisation, the Group will also compromise the Shareholder Loans, thereby achieving further deleveraging. The debt reduction as result of the aforesaid transactions will significantly improve the overall financial position of the Group and alleviate the immediate liquidity pressure on the Group.

The Schemes received overwhelming support from approximately 99.67% of the total value of the Scheme Creditors' voting claims voting at the Scheme Meetings, which is a strong testament of the Scheme Creditors' support for both the Proposed Debt Restructuring (including but not limited to its terms and implementation) as well as the continued operations of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from the Proposed Debt Restructuring, the Board explored alternative fundraising methods such as equity financing and debt financing, as detailed under the section headed “Reasons for and Benefits of the issuances of Scheme Creditor Shares, MCB, STN, LTN, Scheme Fee Shares and Loan Capitalisation” in the Letter from the Board. Nonetheless, on-going negotiations in relation to, and the implementation of, the Proposed Debt Restructuring made it challenging to seek fundraising alternatives for repaying the Existing Notes, Existing Additional Debt Instruments and Shareholder Loans given (a) the potential impact of the Proposed Debt Restructuring on the future shareholding, liquidity position and repayment ability of the Company, and (b) the potential consequences in the event the Proposed Debt Restructuring does not proceed. The Board was of the view that compromising the Existing Notes, Existing Additional Debt Instruments and Shareholder Loans in exchange for the issuance of new debt instruments for the same (or slightly reduced) principal amount would not adequately address the liquidity concerns faced by the Group. In the circumstances, the Board considered it would be more appropriate to issue the Scheme Creditor Shares and MCB as part of the Scheme Consideration and Capitalisation Shares under the Loan Capitalisation so that the Company could reduce the amount of outstanding indebtedness and alleviate liquidity pressures, whilst allowing holders of Shares to participate in the future returns of the Group as and when its business operations improve. As for the STN and LTN to be issued under the Proposed Debt Restructuring, given the tenor of either of the STN and LTN exceeds five years, none of the newly issued notes will be classified as current liabilities of the Group upon their issuance.

As the Scheme Creditor Shares, MCB, STN, LTN, Scheme Fee Shares and Capitalisation Shares are issued in connection with the Company’s debt restructuring exercise, the Company will not receive any cash proceeds from such issuances.

### ***Our assessment***

We consider the Proposed Debt Restructuring, which involves the issuance of Scheme Creditor Shares, MCB, STN, LTN, Scheme Fee Shares (collectively the “**Restructuring Instruments**”) and Capitalisation Shares, is a suitable option to resolve the Group’s liquidity pressure after taking into account of the following:

- (a) it is a practicable and expeditious way to reduce debts of the Group under adverse market condition after obtaining the consensus of the Scheme Creditors, since raising funds externally by a financially-distressed company with Going Concern Issue is expected to be very difficult and challenging, in particular when the credit rating agencies withdrew ratings of the Company due to the Company’s financially distressed position and reasons that were discussed above when the Board explored alternative fundraising method but was not successful;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (b) the Connected Persons, being Scheme Creditors, are treated equally as the other independent Scheme Creditors, therefore the Restructuring Instruments that they will receive have the identical terms as the Restructuring Instruments to be issued to the other Scheme Creditors;
- (c) the Scheme Creditor Share Price (as defined below), the initial MCB Conversion Price, Scheme Fee Share Price (as defined below) and Capitalisation Share Price (as defined below) respectively represent a premium over the closing price per Share as quoted on the Stock Exchange on the Last Trading Day. Further analysis and evaluation of the key terms of the Restructuring Instruments and Capitalisation Shares is set out in the section titled “4. Evaluation of the key terms of the Connected Transactions” below;
- (d) any form of equity financing exercise undertaken by the Company, such as rights issue, open offer or securities issue under specific mandate, will require the Company to price the issue price of the securities at an attractive discount, as compared to a premium currently represented by the Scheme Creditor Share Price (as defined below), the initial MCB Conversion Price, Scheme Fee Share Price (as defined below) and Capitalisation Share Price (as defined below) respectively over the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, to attract subscription by existing Shareholders or potential investors. Furthermore a non-underwritten rights issue/open offer will not guarantee the Company is able to raise sufficient funds whilst an underwritten exercise will attract high underwriting commission by underwriters who are willing to underwrite, given the distressed condition of the Group, resulting in less proceeds obtained. This would result in even more Shares to be issued, aggravating the potential dilution effect of the Proposed Debt Restructuring;
- (e) the issue of Scheme Creditor Shares and MCB as part of the Scheme Consideration, instead of only issue debt instruments such as STN and LTN, as well as the issue of Capitalisation Shares under the Loan Capitalisation, represents a fair and balanced approach to the Scheme Creditors and the Connected Persons so that the Company could meet the objectives in reducing the amount of outstanding indebtedness while preserving cashflow to alleviate its liquidity pressures; and
- (f) the Going Concern Issue will definitely bring uncertainty to the success of any form of equity financing in view of the vulnerability of the financial position of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the above factors, we are of the view that the Proposed Debt Restructuring (including the Connected Transactions thereunder), though not conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the Proposed Debt Restructuring

#### (i) *Scheme Creditor Shares*

The principal terms and conditions of the issuance of Scheme Creditor Shares, as extracted from the Letter from the Board under the section headed “1. SCHEME CREDITOR SHARES”, are summarised as follows:

**Subscribers:** Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Options 2 and 3 of the Scheme Consideration.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the Scheme Creditor Shares and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl, Baocollection and Mr. Guo) are independent of the Company and its connected persons.

**Issue price:** HK\$1.52 per Scheme Creditor Share

**Number of Shares:** 5,143,723,515 Scheme Creditor Shares comprising:

- (i) an aggregate of 1,038,635,809 Shares allotted and issued to Scheme Creditors who have validly elected or been assigned or re-allocated to Option 2 of the Scheme Consideration (of which 784,824 Shares will be allotted and issued to Fantasy Pearl, 2,164,599 Shares will be allotted and issued to Baocollection and 25,316 Shares will be allotted and issued to Mr. Guo, respectively), representing 15% of the Scheme Creditors’ Claims assigned or allocated to Option 2 of the Scheme Consideration; and

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- (ii) an aggregate of 4,105,087,706 Shares allotted and issued to Scheme Creditors who have validly elected or been assigned or re-allocated to Option 3 of the Scheme Consideration (of which 11,328,052 Shares will be allotted and issued to Fantasy Pearl, 31,243,499 Shares will be allotted and issued to Baocollection and 365,421 Shares will be allotted and issued to Mr. Guo, respectively), representing 100% of the Scheme Creditors' Claims assigned or allocated to Option 3 of the Scheme Consideration.

**Ranking of Scheme Creditor Shares:** The Scheme Creditor Shares allotted and issued will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution, the record date of which falls on or after the date of allotment.

**Listing:** An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Scheme Creditor Shares.

**Conditions of the issuance of Scheme Creditor Shares:** The allotment and issuance of Scheme Creditor Shares is conditional upon the fulfilment of each of the following conditions:

- (i) the Increase in Authorised Share Capital having become effective;
- (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of Scheme Creditor Shares and transactions contemplated thereunder;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Scheme Creditor Shares; and
- (iv) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

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### *Scheme Creditor Shares*

5,143,723,515 Scheme Creditor Shares respectively represent approximately:

- (i) 89.11% of the number of issued Shares as at the Latest Practicable Date;
- (ii) 47.12% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares;
- (iii) 28.39% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and
- (iv) 26.51% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares,

in each case assuming there is no other change in the number of issued Shares from the Last Trading Day up to maturity date of the MCB.

### **(ii) MCB**

The principal terms and conditions of the MCB, as extracted from the Letter from the Board under the section headed “2. MCB”, are summarised as follows:

<b>Issuer:</b>	The Company
<b>Subscribers:</b>	Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Option 1 of the Scheme Consideration

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the MCB and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl, Baocollection and Mr. Guo) are independent of the Company and its connected persons

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<b>Principal amount:</b>	USD501,183,055 (equivalent to approximately HK\$3,909,227,829) (of which MCB in the principal amount of USD594,574 (equivalent to approximately HK\$4,637,677) will be issued to Fantasy Pearl, USD1,639,875 (equivalent to approximately HK\$12,791,025) will be issued to Baocollection and USD19,179 (equivalent to approximately HK\$149,596) will be issued to Mr. Guo, respectively), representing 20% of the Scheme Creditors' Claims assigned or allocated to Option 1 of the Scheme Consideration
<b>Interest:</b>	Zero coupon. The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises.
<b>Maturity date:</b>	31 December 2027
<b>Guarantee:</b>	Corporate guarantees from the Subsidiary Guarantors
<b>MCB Conversion Price:</b>	Initially HK\$1.52 per new Existing Share, subject to adjustments as set forth below  Assuming there is no adjustment to the MCB Conversion Price, the Company will allot and issue a total of 2,571,858,330 MCB Conversion Shares upon full conversion of the MCB.
<b>Adjustments to MCB Conversion Price:</b>	The MCB Conversion Price will be subject to adjustment (as determined by an independent calculation agent unless otherwise specified) upon the occurrence of certain adjustment events.  For details of the adjustment events and the adjustment to be made, please refer to section headed "2. MCB" under the subject titled "Adjustments to MCB Conversion Price" in the Letter from the Board.
<b>Conversion:</b>	<b>Voluntary conversion:</b>  The MCB may be voluntarily converted by any holder of the MCB to Shares by delivering a conversion notice to convert all or part of the MCB held by such holder from the issue date of the MCB up to and including 3:00 pm on the Voluntary Conversion Period End Date.

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### **Mandatory conversion:**

- (1) 50% of the initial issue size on the Restructuring Effective Date (the “**RED Mandatory Conversion**”);
- (2) 25% of the initial issue size on 31 December 2026 (less the aggregate principal amount of the MCB voluntarily converted during the period ending on 31 December 2026); and
- (3) remaining principal amount of the MCB shall be mandatorily converted into Shares on the maturity date of the MCB.

In any relevant year, no mandatory conversion shall apply if the total conversion (including voluntary conversion) of the MCB at any relevant time of the year exceeds the annual minimum conversion threshold described above.

Notwithstanding anything to the contrary in the preceding paragraphs, there shall be no mandatory conversion of the MCB upon the occurrence of any of the following:

- (a) the occurrence of any event of default under the MCB, STN and/or LTN until such event of default is cured or waived by the holders of the MCB, STN and/or LTN;
- (b) if the Shares are delisted or suspended from trading, until the later of (x) resumption of trading of the Shares on the relevant stock exchange; and (y) to the extent the foregoing constitutes a “Relevant Event” based on prongs (i) and (ii) of its definition, the expiry of the Relevant Event Redemption Notice Period;
- (c) when there is a Change of Control, until the expiry of the Relevant Event Redemption Notice Period.

### **Ranking of MCB Conversion Shares:**

The MCB Conversion Shares allotted and issued upon conversion of the MCB will be fully paid and will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution, the record date of which falls on or after the date of allotment.

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<b>Redemption at the option of the Company:</b>	At any time prior to the maturity date of the MCB, the Company may redeem all or any part of the outstanding MCB at their principal amount to be so redeemed subject to and in accordance with the terms and conditions of the MCB.
<b>Redemption for Relevant Event:</b>	Following the occurrence of any of the Relevant Events, any holder of the MCB will have an option to require the Company to redeem all or some of the MCB at par.
<b>Transferability:</b>	The MCB, which will be listed, are transferable without the consent of the Company. The Company will comply with the applicable requirements of Chapter 14A of the Listing Rules to the extent future issuances of MCB Conversion Shares constitute connected transactions in addition to those contemplated in this circular.
<b>Form, denomination and registration:</b>	<p>The MCB will be only issued in fully registered form and will be initially represented by one or more global certificates.</p> <p>The minimum denomination will be USD1 and integral multiples of USD1 in excess thereof.</p>
<b>Listing:</b>	<p>An application will be made by the Company for the listing and quotation of the MCB on the Singapore Stock Exchange.</p> <p>An application will be made to the Stock Exchange for the listing of, and permission to deal in, the MCB Conversion Shares.</p>
<b>Conditions of the issuance of MCB:</b>	<p>The issuance of MCB is conditional upon the fulfilment of each of the following conditions:</p> <ol style="list-style-type: none"><li>(1) the Increase in Authorised Share Capital having become effective;</li><li>(2) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of MCB and transactions contemplated thereunder;</li><li>(3) the Singapore Stock Exchange granting the approval in principle for the listing of the MCB;</li><li>(4) the Listing Committee granting the listing of, and permission to deal in, the MCB Conversion Shares; and</li></ol>

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(5) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

### *MCB Conversion Shares*

Based on the initial MCB Conversion Price, a total of 2,571,858,330 MCB Conversion Shares will be allotted and issued upon full conversion of the MCB, which respectively represent approximately:

- (i) (assuming full conversion of the MCB at the initial MCB Conversion Price) 44.55% of the number of issued Shares as at the Latest Practicable Date;
- (ii) (assuming full conversion of the MCB at the initial MCB Conversion Price) 30.82% of the number of issued Shares as enlarged by the issuance of MCB Conversion Shares;
- (iii) 14.20% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and
- (iv) 13.26% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares,

in each case assuming there is no other change in the number of issued Shares from the Last Trading Day up to the maturity date of the MCB.

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**(iii) STN**

The principal terms and conditions of the STN to be issued (i) as part of the Scheme Consideration; (ii) consent fee payable pursuant to the RSA; and (iii) work fee payable pursuant to the Ad Hoc Group Work Fee Letter on the Restructuring Effective Date, as extracted from the Letter from the Board under the section headed “3. STN”, are summarised as follows:

**Issuer:** The Company

**Subscribers:** Subscribers (not less than six in number), being (i) Scheme Creditors who have validly elected or been assigned or re-allocated to Option 1 of the Scheme Consideration; (ii) Participating Creditors who have validly elected to, or are entitled to, receive the early consent fee or general consent fee in the form of STN in accordance with the terms of the RSA; and (iii) the Ad Hoc Group who are entitled to additional work fee in the form of STN in accordance with the Ad Hoc Group Work Fee Letter.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the STN and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl, Baocollection and Mr. Guo) are independent of the Company and its connected persons.

**Principal amount:** USD632,465,481 (equivalent to approximately HK\$4,933,294,712) (of which STN in the principal amount of USD743,218 (equivalent to approximately HK\$5,797,100) will be issued to Fantasy Pearl, USD2,049,846 (equivalent to approximately HK\$15,988,799) will be issued to Baocollection and USD23,974 (equivalent to approximately HK\$186,997) will be issued to Mr. Guo, respectively), comprising:

- (1) USD626,478,964 (equivalent to approximately HK\$4,886,535,919) as part of the Scheme Consideration, representing 25% of the Scheme Creditors’ Claims assigned or allocated to Option 1 of the Scheme Consideration;

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- (2) USD5,994,517 (equivalent to approximately HK\$46,758,793) being the sum of (i) early consent fee payable pursuant to the terms of the RSA, representing 0.1% of the aggregate outstanding principal amount of the Early Eligible Participating Debt held by Participating Creditors (the outstanding principal amount being USD1,339,495,000, equivalent to approximately HK\$10,448,061,000) who validly elected to receive the early consent fee in the form of STN; (ii) general consent fee payable pursuant to the terms of the RSA, representing 0.1% of the aggregate outstanding principal amount of the General Eligible Participating Debt held by Participating Creditors (the outstanding principal amount being USD243,313,000, equivalent to approximately HK\$1,897,841,400); and (iii) additional work fee payable to the Ad Hoc Group in accordance with the Ad Hoc Group Work Fee Letter, representing the difference between (a) 0.1% of the Scheme Creditors' Claims and (b) the general consent fee that is actually paid on or prior to the Restructuring Effective Date

**Interest:**

Interest on the outstanding principal amount of the STN shall accrue at 3.00% per annum from 31 December 2025, payable semi-annually in arrears in cash unless the Company elects to pay all or a portion of such interest in paid-in-kind interest (PIK) in the following manner:

- (i) from and including 31 December 2025 to but excluding 31 December 2027, the Company may elect to pay up to all of the interest due on each interest payment date in PIK;
- (ii) from and including 31 December 2027 to but excluding 31 December 2028, (i) up to 2.50% per annum in PIK as the Company may elect; and (ii) at least 0.5% per annum in cash as the Company may elect;
- (iii) from and including 31 December 2028 to but excluding 31 December 2029, (i) up to 2.00% per annum in PIK as the Company may elect; and (ii) at least 1.0% per annum in cash as the Company may elect; and

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(iv) from and including 31 December 2029 to but excluding 31 December 2031, all of the interest due on each interest payment date in cash

The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises

**Maturity date:** 31 December 2031

**Guarantee:** Corporate guarantees from the Subsidiary Guarantors

**Mandatory redemption:** On each redemption date set forth below, the Company shall redeem at least the STN Minimum Principal Amount (as defined below) at a redemption price equal to 100% of the principal amount of the STN thereof plus accrued and unpaid interest (if any) to the relevant mandatory redemption date as set forth below:

<b>STN mandatory redemption date</b>	<b>Relevant principal amount (on a cumulative basis)</b>
31 December 2029	20% of the original issue amount of the STN
31 December 2030	50% of the original issue amount of the STN

“**STN Minimum Principal Amount**” means, with respect to any STN mandatory redemption date, the greater of (i) zero and (ii) an amount equivalent to (a) the required principal amount set forth above minus (b) the aggregate principal amount of the STN redeemed at par and on a pro rata basis in respect of all STN then outstanding in accordance with the terms thereof, from the original issue date up to but excluding the relevant STN mandatory redemption date.

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### Security:

The STN are secured by:

- (i) first ranking security over all issued share capital of Fantasia Financial Community Group Co., Ltd, Fantastic Victory Limited, Fantasia Investment, Fantasia Financial Community Group (Hong Kong) Co., Limited, Hong Kong Huawanli Trading Co., Limited (*Note 1*) and all issued share capital of Atlantis Fantasy Pearl Holdings, LLC held by Fantasy Pearl, LLC (held as to 76.5% by Fantasy Pearl, LLC as at the Latest Practicable Date) held by Fantasy Pearl, LLC (held as to 95% by Fantasy Pearl International Limited as at the Latest Practicable Date) from time to time (*Note 2*);
- (ii) first ranking security over the Project Moonlight secured account (the “**Project Moonlight Secured Account**”), being a bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings in relation to the “Project Moonlight” (comprising six healthcare facilities in the United States of America indirectly held by Atlantis Fantasy Pearl Holdings, LLC). The primary asset of Atlantis Fantasy Pearl Holdings, LLC is the Project Moonlight;
- (iii) first ranking security over the specified assets secured account (the “**Specified Assets Secured Account**”), being an offshore bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings in relation to the specified assets (primarily property projects or assets); and
- (iv) first ranking security over the onshore secured account (the “**Onshore Secured Account**”), being an onshore bank account established for the purpose of ringfencing cash generated under the cash sweep undertakings in relation to the specified assets (primarily property projects or assets).

### Notes:

- (1) The sum of the total assets of Fantasia Financial Community Group Co., Ltd, Fantastic Victory Limited, Fantasia Investment, Fantasia Financial Community Group (Hong Kong) Co., Limited and Hong Kong Huawanli Trading Co., Limited as at 31 December 2025 was RMB2,952,866,945 (equivalent to approximately HK\$3,198,938,206).
- (2) The security over the issued share capital of Atlantis Fantasy Pearl Holdings, LLC, the total assets of which as at 31 December 2025 was USD7,100,000 (equivalent to HK\$55,380,000), which is indirectly held by Fantasy Pearl, represents the Company’s receipt of financial assistance from a connected person. As the said financial assistance is on normal commercial terms or better and is not secured by any assets of the Group in return, such transaction is fully exempt from reporting, announcement and independent shareholder approval requirements pursuant to Rule 14A.90 of the Listing Rules.

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As the security over the Project Moonlight Secured Account, the Specified Assets Secured Account and the Onshore Secured Account relates to net cash proceeds from the disposal of the relevant assets (and not the assets themselves), the value of the security depends on the amount of sale proceeds deposited into the relevant account (which is maintained in the name of either the Company or its subsidiary). As at 31 December 2025, the aggregate book value of the specified assets, as described in sub-paragraphs (iii) and (iv) above, amounted to approximately RMB6.31 billion (equivalent to approximately HK\$6.84 billion). The obligation to deposit funds only arises after satisfaction of remittance conditions including obtaining all applicable approvals, ensuring the lawfulness of the transfer and the relevant bank accounts being fully operational and free from restrictions. For the avoidance of doubt, (i) the aforesaid aggregate book value does not constitute any indication as to the Company's ability to dispose of the relevant assets; (ii) the aforesaid aggregate book value does not constitute any representation that the relevant assets could be sold at such valuation; and (iii) there is no obligation on the part of the Company to deposit funds into the secured accounts if no disposal of the relevant assets has been effected.

Given cash proceeds deposited into the secured accounts are ringfenced for the purpose of settling amounts due under the STN and LTN, the enforcement of such security on its own will not have any additional impact on the financial position of the Company as the cash proceeds cannot be used for any other purposes.

**Colour Life Shares:** In addition to other financial resources available to the Company from time to time, the Company shall use (i) dividends and other distributions from the Colour Life Shares and (ii) net consideration from the disposal of the Colour Life Shares to repay, repurchase or redeem the STN at par in respect of all the outstanding STN (only after the STN has been repaid, repurchased or redeemed in full), followed by the LTN, after deducting the following amounts:

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- (i) the Group's offshore operating expenses, subject to a cap of USD3,000,000 (equivalent to HK\$23,400,000) per fiscal year; and
- (ii) any other reasonable fees and expenses incurred in connection with the maintenance of the escrow account.

As at the Latest Practicable Date, the Company has no immediate plans to dispose of the Colour Life Shares.

**Listing:**

An application will be made by the Company for the listing and quotation of the STN on the Singapore Stock Exchange.

**Conditions of the issuance of STN:**

The issuance of STN is conditional upon the fulfilment of each of the following conditions:

- (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of STN and transactions contemplated thereunder;
- (ii) the Singapore Stock Exchange granting the approval in principle for the listing of the STN; and
- (iii) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

The terms of the STN were determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the option of paying part of the interest due in PIK, which will not create any immediate liquidity pressure on the Group; (iii) the distressed financial condition of the Company; (iv) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (v) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

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(iv) *LTN*

The principal terms and conditions of the LTN to be issued as part of the Scheme Consideration on the Restructuring Effective Date, as extracted from the Letter from the Board under the section headed “4. LTN”, are summarised as follows:

**Issuer:** The Company

**Subscribers:** Subscribers (not less than six in number), being Scheme Creditors who have validly elected or been assigned or re-allocated to Option 2 of the Scheme Consideration.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the LTN and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl, Baocollection and Mr. Guo) are independent of the Company and its connected persons.

**Principal amount:** USD809,603,733 (equivalent to approximately HK\$6,314,909,117) (of which LTN in the principal amount of USD611,760 (equivalent to approximately HK\$4,771,728) will be issued to Fantasy Pearl, USD1,687,276 (equivalent to approximately HK\$13,160,753) will be issued to Baocollection and USD19,734 (equivalent to approximately HK\$153,925) will be issued to Mr. Guo, respectively), representing 60% of the Scheme Creditors’ Claims assigned or allocated to Option 2 of the Scheme Consideration.

**Interest:** Interest on the outstanding principal amount of the LTN shall accrue at 3.00% per annum from 31 December 2025, payable semi-annually in arrears in cash unless the Company elects to pay all or a portion of such interest in paid-in-kind interest (PIK) in the following manner:

- (i) from and including 31 December 2025 to but excluding 31 December 2031, the Company may elect to pay up to all of the interest due on each interest payment date in PIK; and
- (ii) from and including 31 December 2031 to but excluding 31 December 2034, all of the interest due on each interest payment date in cash

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The interest rate was determined through arm's length commercial negotiations with the Ad Hoc Group and with reference to similar companies issuing instruments as part of similar debt restructuring exercises.

**Maturity date:** 31 December 2034

**Guarantee:** Same as STN

**Mandatory redemption:** On each redemption date set forth below, the Company shall redeem at least the LTN Minimum Principal Amount (as defined below) at a redemption price equal to 100% of the principal amount of the LTN thereof plus accrued and unpaid interest (if any) to the relevant mandatory redemption date as set forth below:

<b>LTN mandatory redemption date</b>	<b>Relevant principal amount (on a cumulative basis)</b>
31 December 2032	25% of the original issue amount of the LTN
31 December 2033	50% of the original issue amount of the LTN

“**LTN Minimum Principal Amount**” means, with respect to any LTN mandatory redemption date, the greater of (i) zero and (ii) an amount equivalent to (a) the required principal amount set forth above *minus* (b) the aggregate principal amount of the LTN redeemed at par and on a pro rata basis in respect of all LTN then outstanding in accordance with the terms thereof, from the original issue date up to but excluding the relevant LTN mandatory redemption date.

**Security:** Same as STN, but without the benefit of the security over all issued share capital of Atlantis Fantasy Pearl Holdings, LLC held by Fantasy Pearl, LLC and the security over the Project Moonlight Secured Account. Please refer to further information on the security value as described under the section headed "STN - Security" in the Letter from the Board.

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In the event a default occurs under STN, this will trigger a cross-default under the LTN (and vice versa), and STN and LTN will have the same priority of enforcement between themselves with respect to the common security package.

**Colour Life Shares:** Same as STN, to the extent applicable to LTN

**Listing:** Same as STN

**Conditions of the issuance of LTN:** The issuance of LTN is conditional upon the fulfilment of each of the following conditions:

- (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of LTN and transactions contemplated thereunder;
- (ii) the Singapore Stock Exchange granting the approval in principle for the listing of the LTN; and
- (iii) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

The terms of the LTN were determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount; (ii) the option of paying part of the interest due in PIK, which will not create any immediate liquidity pressure on the Group; (iii) the distressed financial condition of the Company; (iv) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and (v) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

**(v) *Scheme Fee Shares***

The principal terms and conditions of the issuance of Scheme Fee Shares (comprising 173,935,261 Consent Fee Shares and 1,363,891,506 Work Fee Shares) on the Restructuring Effective Date, as extracted from the Letter from the Board under the section headed "5. SCHEME FEE SHARES", are summarised as follows:

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**Subscribers:** Subscribers (not less than six in number), being the Participating Creditors holding Early Eligible Participating Debt and the Ad Hoc Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries after taking into account publicly available information, the Subscribers of the Scheme Fee Shares and their ultimate beneficial owners (other than Ms. Zeng, Fantasy Pearl and Baocollection) are independent of the Company and its connected persons.

**Issue price:** HK\$0.10 per Scheme Fee Share

**Number of Shares:** 1,537,826,767 Scheme Fee Shares, of which 483,600 Shares will be allotted and issued to Fantasy Pearl and 1,333,800 Shares will be allotted and issued to Baocollection.

In particular, the Ad Hoc Group will be entitled to (i) 1,279,200,000 Shares, being the fixed work fee in the form of new Existing Shares; and (ii) 84,691,506 Shares, being the additional work fee in the form of new Existing Shares (which is determined based on the difference between (a) the number of Shares representing 0.1% of the Scheme Creditors' Claims (being 363,107,393 Shares) and (b) the number of Shares representing the amount of early consent fee that is actually paid on or prior to the Restructuring Effective Date). The fixed work fee and the additional work fee together represent the total work fee payable to the Ad Hoc Group pursuant to the Ad Hoc Group Work Fee Letter.

**Ranking of Scheme Fee Shares:** The Scheme Fee Shares allotted and issued will rank *pari passu* in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.

**Listing:** An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Scheme Fee Shares.

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**Conditions of the  
issuance of  
Scheme Fee  
Shares:**

The allotment and issuance of Scheme Fee Shares is conditional upon the fulfilment of each of the following conditions:

- (i) the Increase in Authorised Share Capital having become effective;
- (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the issuance of Scheme Fee Shares and transactions contemplated thereunder;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Scheme Fee Shares; and
- (iv) the occurrence of the Restructuring Effective Date.

None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

*Scheme Fee Shares*

1,537,826,797 Scheme Fee Shares respectively represent approximately:

- (i) 26.64% of the number of issued Shares as at the Latest Practicable Date;
- (ii) 21.04% of the number of issued Shares as enlarged by the issuance of Scheme Fee Shares;
- (iii) 8.49% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and
- (iv) 7.93% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares,

in each case assuming there is no other change in the number of issued Shares from the Last Trading Day up to maturity date of the MCB.

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**(vi) Loan Capitalisation**

The principal terms and conditions of the Loan Capitalisation, as extracted from the Letter from the Board under the section headed “6. LOAN CAPITALISATION”, are summarised as follows:

<b>Subscribers:</b>	Fantasy Pearl
<b>Issue price:</b>	HK\$0.30 per Capitalisation Share
<b>Number of Shares:</b>	4,376,483,544 Shares, based on the aggregate outstanding principal amount of the Shareholder Loans of RMB1,211,949,289 (equivalent to approximately HK\$1,312,945,063) and the issue price of HK\$0.30 per Capitalisation Share (accrued but unpaid interests thereunder shall be waived on the Restructuring Effective Date)

All accrued but unpaid interest (including default interest) outstanding on the Shareholder Loans (being USD273,798,527 (equivalent to approximately HK\$2,135,628,511) as at 12 February 2026) shall be waived on the Restructuring Effective Date and shall not be included for purposes of conversion under the Loan Capitalisation.

<b>Ranking of Capitalisation Shares:</b>	The Capitalisation Shares allotted and issued will rank <i>pari passu</i> in all respects with the Shares in issue, including the right to any dividend or distribution the record date of which falls on or after the date of allotment.
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<b>Conditions of the Loan Capitalisation:</b>	The allotment and issuance of Capitalisation Shares is conditional upon the fulfilment of each of the following conditions:
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- (i) the Increase in Authorised Share Capital having become effective;
- (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Loan Capitalisation and transactions contemplated thereunder;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Capitalisation Shares; and
- (iv) the occurrence of the Restructuring Effective Date.

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None of the above conditions are waivable. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Upon completion of the Loan Capitalisation, the aggregate outstanding principal amount of the Shareholder Loans shall be deemed to have been fully repaid and the accrued but unpaid interests thereunder shall be waived on the Restructuring Effective Date.

### *Capitalisation Shares*

The Capitalisation Shares respectively represent approximately:

- (i) 75.81% of the number of issued Shares as at the Latest Practicable Date;
- (ii) 43.12% of the number of issued Shares as enlarged by the issuance of Capitalisation Shares;
- (iii) 24.16% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming only RED Mandatory Conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; and
- (iv) 22.56% of the number of issued Shares as enlarged by the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares,

in each case assuming there is no other change in the number of issued Shares from the Last Trading Day up to maturity date of the MCB.

#### **4. Evaluation of the key terms of the Connected Transactions**

##### ***(i) Share price comparisons***

###### *Scheme Creditor Shares*

The issue price of the Scheme Creditor Shares of HK\$1.52 (the “**Scheme Creditor Share Price**”) was determined after arm’s length negotiation between the Company and the Ad Hoc Group having considered:

- (i) the Scheme Creditors’ Claims to be discharged and the discount applied to the principal amount;

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- (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB taking into account the commercial ask that Shares issued to the Scheme Creditors under the Proposed Debt Restructuring collectively make up a considerable portion of ownership of the Company to reflect the value of the compromise made by the Scheme Creditors and also to allow holders of Shares to participate in the future returns of the Group as and when its business operations improve;
- (iii) the impact of the issue price on the level of support from the Scheme Creditors;
- (iv) the distressed financial condition of the Company;
- (v) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and
- (vi) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

The Scheme Creditor Share Price of HK\$1.52 per Scheme Creditor Share represents:

- (i) a premium of 1,800.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 1,709.52% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (iii) a premium of 1,744.66% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of 1,776.54% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of 1,753.66% over the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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The Board is of the view that the net asset value per Share is not a meaningful reference to determine the Scheme Creditor Share Price, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

### *MCB Conversion Shares*

The MCB Conversion Price of HK\$1.52 was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered:

- (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount;
- (ii) zero coupon rate, which means the MCB will not create any immediate liquidity pressure on the Group;
- (iii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB taking into account the commercial ask that Shares issued to the Scheme Creditors under the Proposed Debt Restructuring collectively make up a considerable portion of ownership of the Company to reflect the value of compromise made by the Scheme Creditors and also to allow holders of Shares to participate in the future returns of the Group as and when its business operations;
- (iv) the impact of the issue price on the level of support from the Scheme Creditors;
- (v) the distressed financial condition of the Company;
- (vi) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and
- (vii) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

The initial MCB Conversion Price of HK\$1.52 represents:

- (i) a premium of 1,800.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (ii) a premium of 1,709.52% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (iii) a premium of 1,744.66% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of 1,776.54% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of 1,753.66% over the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Similar to the Scheme Creditor Share Price, the Board is of the view that the net asset value per Share is not a meaningful reference to determine the issue price of the MCB Conversion Shares, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

### *Scheme Fee Shares*

The issue price of the Scheme Fee Shares of HK\$0.10 (the “**Scheme Fee Share Price**”) was determined after arm's length negotiation between the Company and the Ad Hoc Group having considered:

- (i) the Scheme Creditors' Claims to be discharged and the discount applied to the principal amount;
- (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB with the intention that the Company would issue Scheme Fee Shares instead of making cash payments to settle the relevant fees to minimise the liquidity pressure, taking into account the prevailing trading price of the Shares at the relevant time and the par value of the Shares;
- (iii) the impact of the issue price on the level of support from the Scheme Creditors;
- (iv) the distressed financial condition of the Company;

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- (v) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and
- (vi) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

The Scheme Fee Share Price of HK\$0.10 per Scheme Fee Share represents:

- (i) a premium of 25.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 19.05% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (iii) a premium of 21.36% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of 23.46% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of 21.95% over the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Similar to the Scheme Creditor Share Price and MCB Conversion Price, the Board is of the view that the net asset value per Share is not a meaningful reference to determine the Scheme Fee Share Price, taking into account the fact that the Company was in a net liability position as at 31 December 2025, as disclosed in the Company's audited financial statements for that year.

### *Capitalisation Shares*

The issue price of the Capitalisation Shares of HK\$0.30 (the “**Capitalisation Share Price**”) was determined after arm's length negotiation between the Company, the Ad Hoc Group and Ms. Zeng having considered, among other things:

- (i) the Shareholder Loans to be discharged;
- (ii) the balancing of the dilution impact of various equity issuances (namely Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares) on the Restructuring Effective Date and upon conversion of the MCB with a view to allowing the controlling shareholder to maintain reasonable control over the Company, which would in turn facilitate the Company's operations;

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- (iii) the impact of the issue price on the level of support from the Scheme Creditors;
- (iv) Ms. Zeng's continued support for the Proposed Debt Restructuring through various means, including but not limited to the TFI Restructuring Agreement and the New Shareholder Loan. The New Shareholder Loan has no fixed maturity date and will be used to finance fees payable by the Company, including but not limited to payments to advisors of the Ad Hoc Group and the Company, which are expected to exceed the amount of the New Shareholder Loan. The payment of advisor fees of the Ad Hoc Group by the issuer undergoing the debt restructuring is common amongst similar debt restructuring exercises;
- (v) the distressed financial condition of the Company;
- (vi) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; and
- (vii) the difficulties faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

The Capitalisation Share Price of HK\$0.30 per Capitalisation Share represents:

- (i) a premium of 275.00% over the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 257.14% over the closing price of HK\$0.084 per Share as quoted on the Stock Exchange on 16 February 2026, being the last trading day before the Scheme Meetings;
- (iii) a premium of 264.08% over the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of 270.37% over the average closing price of HK\$0.081 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of 265.85% over the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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Similar to the Scheme Creditor Share Price, MCB Conversion Price and Scheme Fee Share Price, the Board is of the view the net asset value per Share is not a meaningful reference to determine the Capitalisation Share Price, taking into account the fact that the Company was in a net liability position as at 31 December 2024, as disclosed in the Company's audited financial statements for that year.

### (ii) *Historical share price performance*

In order to assess the fairness and reasonableness of the Scheme Creditor Share Price at HK\$1.52 for the Scheme Creditor Shares, the MCB Conversion Price at HK\$1.52 for the MCB Conversion Shares, the Scheme Fee Share Price at HK\$0.10 for the Scheme Fee Shares, and the Capitalisation Share Price at HK\$0.30 for the Capitalisation Shares, we have reviewed the daily closing prices of the Shares from 3 March 2025, being approximately one year prior to and including the Last Trading Day (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison between the Scheme Creditor Share Price, MCB Conversion Price, Scheme Fee Share Price, Capitalisation Share Price and the historical closing prices of the Shares and having factored in the capital market assessment of the Company for the Review Period. Such comparison is relevant for the assessment of the fairness and reasonableness of the Scheme Creditor Share Price, the MCB Conversion Price, the Scheme Fee Share Price and the Capitalisation Share Price. The following diagram sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

**Chart 1: Movement of the closing prices of the Shares during the Review Period**



Source: website of the Stock Exchange

Note: Since the Scheme Creditor Share Price (HK\$1.52) and the MCB Conversion Price (HK\$1.52) are comparatively higher than the Capitalisation Share Price (HK\$0.30), we have decided not to show this share price (HK\$1.52) in Chart 1 above to better reflect the movement of the closing prices.

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During the Review Period, the Shares traded between a range of the lowest of HK\$0.06 on 8 April 2025 to the highest of HK\$0.113 on 8 October 2025 with an average closing price of approximately HK\$0.08 per Share.

Set out below the comparison between the various share prices against the historical share price performance:

<u>Type of share price</u>	<u>Price</u>	<u>Comparison</u>
(i) Scheme Creditor Share Price; and	HK\$1.52	premium of approximately 1,245.1%, 2,433.3% and 1,796.2% over the highest, lowest and the average closing prices respectively during the Review Period
(ii) MCB Conversion Price		
Scheme Fee Share Price	HK\$0.10	During the Review Period:
		(i) premium of approximately 66.7% and 24.7% over the lowest and the average closing prices respectively; and
		(ii) a discount of approximately 11.5% to the highest closing price
Capitalisation Share Price	HK\$0.30	premium of approximately 165.5%, 400.0% and 274.2% over the highest, lowest and the average closing prices respectively during the Review Period

Apart from the customary announcements made by the Company in terms of its interim and/or annual results announcements, and the issue of interim and/or annual reports and circular for its annual general meeting during the Review Period, other notable events included announcements on the Proposed Debt Restructuring and the negotiation progress and update with Scheme Creditors on the terms of the Proposed Debt Restructuring that spanned over 30 months from January 2023 to August 2025 when the Company and the Ad Hoc Group entered into the RSA.

As illustrated in chart 1 above, the closing prices of the Shares was on a general decreasing trend from HK\$0.099 from 3 March 2025 to HK\$0.06 on 8 April 2025, which is the lowest closing price during the Review Period. We noted that the Company released the annual results announcement for the year ended 31 December 2024 in which the Company registered an increase of approximately 39.8% in the loss for the year compared to FY2023. The closing prices then picked up the next few days and gradually increased to HK\$0.113 on 8 October 2025, which was the highest closing price during the Review Period. During this period, we note that the Company released (i) an inside information announcement on 4

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August 2025 in relation to the new terms of the Proposed Debt Restructuring reflected in the RSA entered between the Company and the Ad Hoc Group; and (ii) the interim result announcement for 6 months ended 30 June 2025 of the Company on 1 September 2025, pursuant to which the Company registered an approximate 14.8% increase in revenue for the period as compared to similar period in 2024, with a slight increase of approximately 0.3% in the loss attributable to owners of the Company. Thereafter the closing prices experienced a continuously declining trend in the next few months from HK\$0.113 on 8 October 2025 to HK\$0.075 on 30 December 2025. The closing price subsequently fluctuated between HK\$0.075 to HK\$0.096 from the period from 31 December 2025 to the Last Trading Day.

As advised by the Management, other than the events mentioned above, the Management were not aware of any events that led to the fluctuation trend in the closing prices of the Shares during the Review Period.

### *Our assessment*

For the Scheme Creditor Share Price and MCB Conversion Price, we note the following:

- (a) both the Scheme Creditor Share Price and MCB Conversion Price of the Shares at HK\$1.52 are significantly above the range of closing prices of the Shares during the Review Period;
- (b) both the Scheme Creditor Share Price and MCB Conversion Price represent a significant premium of approximately 1,796.2% over the average closing price of the Shares during the Review Period of HK\$0.08; and
- (c) both the Scheme Creditor Share Price and MCB Conversion Price represent a premium of 1,753.66% over the closing price of the Shares as at the Latest Practicable Date of HK\$0.082.

For the consent fees and work fees, we note that the Company will settle as follows:

Type	Amount in USD	Amount in HK\$ (approx.)	Payment method
Early consent fee	3,569,434	27,841,589	173,935,261 Consent Fee Shares and STN in the principal amount of USD1,339,495 (equivalent to approximately HK\$10,448,061), as elected by the relevant Participating Creditor and not subject to any separate cap on form of settlement

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Type	Amount in USD	Amount in HK\$ <i>(approx.)</i>	Payment method
General consent fee	243,313	1,897,841	STN in the principal amount of USD 243,313 (equivalent to approximately HK\$1,897,841)
Fixed work fee	16,400,000	127,920,000	1,279,200,000 Work Fee Shares
Additional work fee	5,497,698	42,882,031	84,691,506 Work Fee Shares and STN in the principal amount of USD 4,411,909 (equivalent to approximately HK\$34,412,890), as determined in accordance with the Ad Hoc Group Work Fee Letter and not subject to any separate cap on form of settlement

The above fees were determined after arm's length negotiation between the Company and the Ad Hoc Group having considered (i) the deleveraging to be achieved with respect to the Company's balance sheet; (ii) the impact of consent fee on securing support from the Scheme Creditors; and (iii) time and effort devoted by the Ad Hoc Group in negotiating the terms of the Proposed Debt Restructuring.

The payment of consent fees and work fees, which is key to gathering support for the implementation of the Proposed Debt Restructuring, is common amongst similar debt restructuring exercises as a means to solicit sufficient support and mitigate the execution risks. The Company has considered, among other things, (i) the feedback from arm's length negotiation between the Company and the Ad Hoc Group; (ii) the significance of offering an equity option as a means to minimise indebtedness arising from the Proposed Debt Restructuring as much as possible; (iii) the term of the STN exceeding five years and accordingly the STN will not be classified as current liabilities of the Group upon issuance; and (iv) potential consequences in the event the Proposed Debt Restructuring does not proceed (noting that the Proposed Debt Restructuring is the Company's further attempt after it was no longer feasible to proceed with the debt restructuring exercise on the terms disclosed in the announcement of the Company dated 29 April 2024).

Based on our best endeavours and as far as we are aware, we have reviewed the restructuring transactions in which circulars were published on the website of Stock Exchange for the past two (2) years and identified an exhaustive list of seven (7) companies out of twenty-one (21) companies that disclosed the arrangement and payment of consent fee and/or work fee. The respective circulars disclosed the payment method of consent fee and/or work fee in the form of either in cash, mandatory convertible bonds, short term notes or short term loans, whilst two (2) out of the seven (7) companies also included shares as a form of payment.

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The consent fee is calculated based on 0.1% of the aggregate outstanding principal amount of the Participating Creditors and the early consent fee is given to any Participating Creditor who acceded to the RSA on or before the Early Consent Fee Deadline (i.e. by 5:00 p.m. Hong Kong time on 3 October 2025). Such Participating Creditors were offered a choice to choose their consent fees in the form of either Scheme Fee Share or STN. Participating Creditors who acceded to the RSA after the Early Consent Fee Deadline, but before the general consent fee deadline, being 5:00 p.m. Hong Kong time on 10 October 2025, were only offered STN for their consent fees.

Of the seven (7) comparable restructuring transactions stated above, one (1) company only paid work fees but not consent fee whilst two (2) companies did not state the basis of determining their consent fees. Three (3) companies offered early consent fee at 0.1%, 0.125% and 1% of the aggregate principal amount of eligible debts and/or base consent fee at 0.05% or 0.5% of the aggregate principal amount of eligible debts. One (1) company offered the consent fee based on a fixed quantum, which is USD1.50 for each USD1,000 in the principal amount of the notes and not on a specified percentage, which is not easily comparable. The Company's payment of consent fee based on 0.1% of the aggregate outstanding principal amount falls within the range of the comparable restructuring transactions. Accordingly, we are of the view that the arrangement to pay consent fee (including early consent fees and general consent fees) to the Scheme Creditors is fair and reasonable since the Consent Fee Shares, which are part of the Scheme Fee Shares, were primarily issued to incentive the Scheme Creditors to give early consent to the Proposed Debt Restructuring to garner sufficient support of the Scheme Creditors to ensure the successful implementation of the Proposed Debt Restructuring.

The work fees (including fixed and additional work fees) that are payable to the Ad Hoc Group only broadly compensates for the work, time and resources dedicated by the members of the Ad Hoc Group for negotiating the Proposed Debt Restructuring and soliciting support to vote in favour of the Schemes from other Scheme Creditors. The work undertaken by the members of the Ad Hoc Group covers the following:

- (i) negotiating and structuring proposals for the Proposed Debt Restructuring over a period of 50 months since November 2021 (including months of further extensive negotiations since the execution of the RSA), during which period the Company and members of the Ad Hoc Group exchanged no fewer than 12 rounds of restructuring proposals, negotiated and entered into multiple alterations of restructuring support agreements and numerous extensions of long stop dates under each of those agreements to continue the negotiation and structuring of restructuring proposals;

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- (ii) communicating with the management of the Company, as well as its representatives and advisers to negotiate the terms and documentation of the Proposed Debt Restructuring;
- (iii) carrying out extensive due diligence on the Group's complex and sizeable capital structure and assets with approximately 300 entities located globally;
- (iv) reviewing, assessing, negotiating and providing feedback on the documents of Proposed Debt Restructuring; and
- (v) working with the Company and its respective professional advisers to formulate and implement the Proposed Debt Restructuring and encourage the participation of creditors and the support of other minority shareholders;

The amount of the work fees and the payment method are based on commercial negotiations between the Company and the Ad Hoc Group and are in accordance with the Ad Hoc Group Work Fee Letter. All members of the Ad Hoc Group will be entitled to the fixed work fee and additional work fee on a pro rata basis. Since the work fee is payable only to the Ad Hoc Group and not to the Connected Persons, hence it is not a connected transaction.

Pursuant to the negotiation and agreement with the Ad Hoc Group, Scheme Fee Shares are included as a form of settlement for the consent fee and work fee. This reduces the debt obligations of the Company to pay interest and principal amount on STN whilst the share base is enlarged to strengthen the capital structure. This would also allow holders of the Shares to participate in the future returns of the Group as and when its business operations improve. The Connected Persons (with the exception of Mr. Guo who did not accede to the RSA), who acceded to the RSA prior to the Early Consent Fee Deadline, will only receive the Consent Fee Shares in accordance with the terms of the RSA and no Work Fee Shares are issued to them.

For the Scheme Fee Share Price of HK\$0.10, we note the following:

- (a) despite registering a discount of approximately 11.5% to the highest closing price of the Shares of HK\$0.113 during the Review Period, the Scheme Fee Share Price still represents a premium of approximately 66.7% over the lowest closing price and 24.7% over the average closing price of the Existing Shares respectively during the Review Period;
- (b) the Scheme Fee Share Price cannot be lower than the par value of the Existing Shares, which is HK\$0.10;

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- (c) the issue of Scheme Fee Shares only represents approximately 7.93% of the total issued Shares enlarged by the issuance of Scheme Creditors Shares, full conversion of the MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares; and
- (d) the Scheme Fee Share Price represents a premium of 21.95% over the closing price of the Shares as at the Latest Practicable Date of HK\$0.082.

In view of the factors mentioned above, including the rationale of giving consent fees and work fees in the form of Scheme Fee Shares and STN, the arrangement of the consent fees and work fees is fair and reasonable and on normal commercial terms.

For the Capitalisation Share Price, we observed the following:

- (a) the Capitalisation Share Price represents a premium of approximately 165.5%, 400.0% and 274.2% over the highest, lowest and the average closing prices of the Shares respectively during the Review Period; and
- (b) the Capitalisation Share Price represents a premium of 265.85% over the closing price of the Shares as at the Latest Practicable Date of HK\$0.082.

In conclusion, the Scheme Creditor Share Price, MCB Conversion Price and Capitalisation Share Price respectively represents significant premiums over the highest, lowest and average closing prices of the Shares during the Review Period, and the Scheme Fee Share Price also represents premium over the lowest and average closing prices of the Shares during the Review Period. This leads to a significant reduction of the outstanding principal amounts of the offshore indebtedness to the tune of USD4,655 million as the Scheme Creditors' Claims (together with interest) would be discharged and the Shareholder Loans compromised. This enables the Company to achieve de-leveraging in a shorter period of time and retain a relatively sustainable and healthier capital structure, and are considered a favourable feature to the Independent Shareholders.

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**(iii) Trading liquidity of the Shares**

The following table sets out the trading volume of the Shares during the Review Period:

**Table 3: Trading volume of the Company**

	<b>Total trading volume (No. of Shares)</b>	<b>No. of trading days</b>	<b>Average daily trading volume (No. of Shares)</b>	<b>Average daily trading volume to the total number of Shares in issue (Approximate) <i>Note 1</i></b>	<b>Average daily trading volume to the number of Shares held by public Shareholders (Approximate) <i>Note 2</i></b>
<b>2025</b>					
March	26,665,500	21	1,269,786	0.0220%	0.0878%
April	20,388,000	19	1,073,053	0.0186%	0.0742%
May	7,842,000	20	392,100	0.0068%	0.0271%
June	21,154,500	21	1,007,357	0.0175%	0.0697%
July	41,684,500	22	1,894,750	0.0328%	0.1311%
August	34,600,500	21	1,647,643	0.0285%	0.1140%
September	105,289,500	22	4,785,886	0.0829%	0.3310%
October	90,249,000	20	4,512,450	0.0782%	0.3121%
November	40,050,000	20	2,002,500	0.0347%	0.1385%
December	8,665,899	20	433,295	0.0075%	0.0300%
<b>2026</b>					
January	15,403,500	21	733,500	0.0127%	0.0507%
February	15,576,000	17	916,235	0.0159%	0.0634%
March (up to and including the Last Trading Day)	5,053,500	10	505,350	0.0088%	0.0350%

*Source: website of the Stock Exchange*

**Notes:**

1. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders (i.e. Shareholders other than the substantial shareholders and connected persons of the Company).

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As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 392,100 Shares to approximately 4,785,886 Shares, representing: (i) approximately 0.0068% to approximately 0.0829% of the total number of issued Shares; and (ii) approximately 0.0271% to approximately 0.3310% of the number of Shares held by public Shareholders. The average daily trading volume during the Review Period was 1,703,238 Shares, representing approximately 0.1178% of the Shares held by the public Shareholders. The highest daily trading volume was recorded on 28 October 2025, where trading volume reached approximately 28.8 million Shares, representing approximately 1.9950% of the number of Shares held by the public Shareholders.

According to the Management, given the relatively low trading volume of the Shares, it may pose difficulty for the Company to pursue other equity financing alternatives without providing incentives such as discount to issue price to investors, or to achieve sustainable capital structure that allows the Group to comply with its debt obligations and liabilities and to continue on a going-concern. In view of the limited trading activity of the Shares, we concur with the Management's view and consider that the issuance of Scheme Creditor Shares, MCB Conversion Shares, Scheme Fee Shares and Capitalisation Shares at a premium over the average closing price of the Shares during the Review Period is favourable to the Independent Shareholders.

### *(iv) Comparable Mandatory Convertible Bonds*

To assess the fairness and reasonableness of the key terms of the MCB to the Connected Persons, including the interest rate, conversion price and term to maturity, we have conducted independent research of the proposed issue of mandatory convertible bonds/notes to either connected persons and/or independent third parties by companies listed on the Main Board of the Stock Exchange on which their circulars were issued during the period from 1 January 2023 and ending on the Last Trading Day, being a period of over three (3) years prior to the Last Trading Day (the "**Comparison Period**"). Based on the above selection criteria, we have identified a total of 11 mandatory convertible bonds issues (the "**Comparable MCBs**") which were issued under the restructuring transactions of the relevant issuers to provide an assessment of the recent market practice in relation to the key terms of mandatory convertible bonds under similar market conditions. We have considered the issuance of mandatory convertible bonds to both connected persons and independent third parties in our research since the MCB will be issued to both Connected Persons and other independent Scheme Creditors, therefore it is fairly relevant in providing a reference to our evaluation of the terms of the MCB. We consider that the Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable MCBs as a whole provides a fair and representative sample.

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Independent Shareholders should note that the principal businesses, market capitalisations, profitability and financial positions of the companies in relation to the Comparable MCBs may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Comparable MCBs can provide a general reference of the key terms for similar transactions in Hong Kong under the current market conditions, we consider, to the best of our knowledge and ability, that the list of Comparable MCBs during the Comparison Period is exhaustive, fair and representative during the Comparison Period in assessing the fairness and reasonableness of the key terms of the MCB to the Connected Persons.

**Table 4: Analysis of the Comparable MCBs**

Date of circular	Stock code	Name of company	Adjustment to conversion price terms	Guarantee terms	Periodic mandatory conversion terms	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price <sup>Note 1</sup> over to the average closing price of the last five (5) trading days up to and including the last trading day prior to the date of announcement or date of the creditor/restructuring support agreement or date of effective date of the amended creditor/restructuring support agreement (%)	Dilution effect of existing public shareholders (excluding mandatory convertible bond holders) for conversion of convertible bonds <sup>Note 2</sup> (%)
17 Nov 2025	2007	Country Garden Holdings Company Limited									23.44
		- mcb(a)	Yes	Yes	Yes	No	up to USD7,514,770,000	6.0	0.00	447.37	457.94
		- mcb(b)	Yes	Yes	Yes	No	up to USD5,442,583,547	9.0	0.00	2,005.26	2,045.92
		- mcb(c)	Yes	No	Yes	No	up to USD39,461,396	6.0	0.00	131.58	136.05
16 Oct 2025	884	CIFI Holdings (Group) Co. Ltd. - controlling shareholder mcb	Yes	Yes	Yes	Yes	USD4,021,406	4.0	0.00	598.69	629.26
		- mcb	Yes	Yes	Yes	No	USD4,071,043,847	4.0	0.00	598.69	629.26
22 Aug 2025	1918	Sunac China Holdings Limited				To connected and non-connected persons					40.60
		- mcb 1	Yes	Yes	No		up to USD9,710,670,612.75	0.50	0.00	330.38	347.96
		- mcb 2	Yes	Yes	No		up to USD2,412,500,000	2.50	0.00	143.67	153.62
10 Jul 2025	1233	Times China Holdings Limited									17.69
		- mcb I	Yes	Yes	No	No	up to USD1,008,700,000	1.50	0.00	1,900.00	1,740.49
		- mcb II	Yes	Yes	No	No	up to USD383,659,802	1.50	0.00	3,233.33	2,967.48
15 May 2025	1396	Guangdong - Hong Kong Greater Bay Area Holdings Limited	Yes	No	No	No	up to USD241,503,890	1.00	0.00	90.31	156.05
30 Dec 2024	813	Shimao Group Holdings Limited - controlling shareholder mandatory convertible bonds	Yes	No	Yes	Yes	USD397,758,525	1.00	0.00	710.81	704.29
		mandatory convertible bonds	Yes	No	Yes	No	up to USD12,662,513,247	1.00	0.00	710.81	704.29
29 Nov 2024	1638	Kaisa Group Holdings Ltd. <sup>(Note 3)</sup>									25.14
		- Tranche A	Yes	Yes	No	No	USD300,000,000	0.29	0.00	4,103.54	4,202.54
		- Tranche B	Yes	Yes	No	No	USD400,000,000	1.29	0.00	4,103.54	4,202.54
		- Tranche C	Yes	Yes	No	No	USD500,000,000	2.29	0.00	4,103.54	4,202.54
		- Tranche D	Yes	Yes	No	No	USD800,000,000	3.30	0.00	3,484.07	3,568.48
		- Tranche E	Yes	Yes	No	No	USD800,000,000	4.30	0.00	3,484.07	3,568.48
		- Tranche F	Yes	Yes	No	No	USD1,000,000,000	5.30	0.00	3,484.07	3,568.48
		- Tranche G	Yes	Yes	No	No	USD1,000,000,000	6.30	0.00	3,484.07	3,568.48
		- Tranche H	Yes	Yes	No	No	up to USD2,092,219,129	7.30	0.00	3,484.07	3,568.48
5 Nov 2024	1238	Powerlong Real Estate Holdings Limited	Yes	Yes	Yes	No	up to USD558,166,990	4.00	0.00	378.57	388.34



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Notes:

1. Conversion prices of respective Comparable MCBs are extracted from the respective conversion prices as stated in the section relating to effects on shareholding structure of respective companies in their respective circulars.
2. To provide meaningful references for dilution effect caused by conversion of the MCB to the Connected Persons and/or the MCB, dilution effect of conversion of the respective Comparable MCBs is calculated based on (i) the assumption of conversion of the respective Comparable MCBs only without taking into account the effects on the shareholding structure caused by other securities; (ii) all other applicable assumptions regarding respective Comparable MCBs as stated in the section relating to effects on the shareholding structure of respective companies in their respective circulars (the “**Respective Shareholding Structure Section**”); and (iii) if different scenarios were shown in the Respective Shareholding Structure Section, the maximum dilution effect under different scenarios shown in the Respective Shareholding Structure Section has been used for illustrative purpose. For illustrative purpose, the dilution effect percentage is calculated by taking the shareholding percentage of the public shareholders as at the latest practicable date as disclosed in the respective circulars and deduct the shareholding percentage of the public shareholders (excluding respective mandatory convertible bondholders who have been included as public shareholders after the conversion of the Comparable MCBs) assuming only full conversion of the Comparable MCBs respectively.
3. The terms to maturity of the mandatory convertible bonds of Kaisa Group Holdings Ltd. were calculated based on the issue date of the mandatory convertible bonds of Kaisa Group Holdings Ltd., which is the restructuring effective date (i.e. 15 September 2025) announced in the announcement of Kaisa Group Holdings Ltd. dated 15 September 2025.
4. Term to maturity of the MCB is from the Restructuring Effective Date to 31 December 2027, being the maturity date of the MCB. As the Restructuring Effective Date has not been determined/announced as at the Latest Practicable Date, term to maturity of the MCB is estimated to be less than 2 years based on the maturity date of the MCB for illustrative purpose only.
5. Dilution effect of conversion of the MCB to the Connected Persons is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion of the MCB to the Connected Persons only) from the Latest Practicable Date up to the full conversion of the MCB to the Connected Persons; (ii) the principal amount of MCB to be issued to the Connected Persons is USD2,253,628 and the number of MCB Conversion Shares to be issued to the Connected Persons is 11,564,654 Shares; and (iii) full conversion of the MCB to the Connected Persons only and none of the MCB to the other Scheme Creditors apart from the Connected Persons is converted.
6. Dilution effect of conversion of the MCB to the other Scheme Creditors apart from the Connected Persons is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion of the MCB to the other Scheme Creditors apart from the Connected Persons) from the Latest Practicable Date up to the full conversions of the MCB to the other Scheme Creditors apart from the Connected Persons; (ii) the principal amount of MCB to be issued to the other Scheme Creditors apart from the Connected Persons is USD498,929,427 and the number of MCB Conversion Shares to be issued to the

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*other Scheme Creditors apart from the Connected Persons is 2,560,293,676 Shares; and (iii) full conversion of the principal amount of the MCB to the other Scheme Creditors apart from the Connected Persons and none of the MCB to the Connected Persons is converted.*

7. *Dilution effect of full conversion of MCB is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion of the MCB to both the Connected Persons and the other Scheme Creditors) from the Latest Practicable Date up to the full conversions of the MCB to both the Connected Persons and the other Scheme Creditors; (ii) the aggregate principal amount of MCB to be issued is USD501,183,055 and the total number of MCB Conversion Shares to be issued is 2,571,858,330 Shares; and (iii) full conversion of the principal amount of both the MCB to the Connected Persons and the other Scheme Creditors.*

### *Interest rate*

As shown in the table above, we note that all the Comparable MCBs are zero interest. As the MCB to the Connected Persons do not bear any interest (i.e. zero-coupon), we consider the zero-interest feature is in the interests of the Company and the Shareholders as a whole.

### *Term to maturity*

The terms to maturity of the Comparable MCBs ranged from 0.29 year to 9.00 years, with an average term of approximately 3.41 years. Term to maturity of the MCB is from the Restructuring Effective Date to 31 December 2027, being the maturity date of the MCB. As the Restructuring Effective Date has not been determined/announced as at the Latest Practicable Date, term to maturity of the MCB is estimated to be less than 2 years based on the maturity date of the MCB for illustrative purpose only. The estimated term to maturity of the MCB of less than two(2) years falls within such range and is below the average term of the Comparable MCBs. Independent Shareholders should also note that despite the term to maturity of the MCB is estimated to be less than 2 years with the outstanding principal amount of the MCB mandatorily converted into MCB Conversion Shares on the maturity date of the MCB, (i) 50% of the initial issue size of the MCB shall be mandatorily converted into MCB Conversion Shares on the Restructuring Effective Date once the date has been determined, which is rather immediate; and (ii) 25% the initial issue size of the MCB (less the aggregate principal amount of the MCB voluntarily converted during the period ending on 31 December 2026) shall be mandatorily converted into MCB Conversion Shares on 31 December 2026 under its mandatory conversion feature.

In view of the fact that the issue of MCB to the Connected Persons is part of the MCB issued to all Scheme Creditors (which include the Connected Persons) and follows the same tenure and periodic mandatory conversion arrangement, we consider that the term to maturity of the MCB to the Connected Persons is justifiable, fair and reasonable. We view the periodic mandatory conversion and the automatic mandatory

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conversion on the maturity date of the MCB as a favourable arrangement to the Independent Shareholders because the sooner the MCB to the Connected Persons are converted, the faster the Group is de-leveraged.

### *MCB Conversion Price*

As set out in the table above, we note that the conversion price to: (i) the closing price as at the last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement (the “**Comparable Reference Date**”) in relation to the respective Comparable MCBs ranged from a premium of approximately 4,438.67% to a discount of approximately 44.07%, with an average premium of approximately 1,783.99%; and (ii) the average closing price of the last five (5) trading days prior to/on the Comparable Reference Date in relation to the respective Comparable MCBs ranged from a premium of approximately 4,475.27% to a discount of approximately 42.61%, with an average premium of approximately 1,804.47%.

The initial MCB Conversion Price of HK\$1.52 is: (a) at a premium of approximately 1,954.05% over the closing price of HK\$0.074 per Share on 1 August 2025, which is the date of the RSA; and (b) at a premium of approximately 1,954.05% over the average closing price per Share for the last five (5) consecutive trading days up to and including the date of the RSA. Such premiums as represented by the initial MCB Conversion Price are within the respective range of the Comparable MCBs and above the respective average premiums of the Comparable MCBs. Furthermore, in view of the fact that the MCB to the Connected Persons is part of the MCB issued to all Scheme Creditors, therefore the initial MCB Conversion Price is equally applicable to the MCB issued to the Connected Persons as well as other Scheme Creditors. Accordingly we consider the initial MCB Conversion Price is justifiable.

### *Adjustments to MCB Conversion Price*

The MCB Conversion Price will be subject to adjustment (as determined by an independent calculation agent unless otherwise specified) upon the occurrence of certain adjustment events.

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The adjustment events mainly include corporate transactions which will result in change in the capital structure of the Company such as alterations to the nominal value of the Shares or new issue of securities of the Company. The adjustments to the MCB Conversion Price are equally applicable to all the MCB held by the Scheme Creditors, regardless whether they are Connected Persons or other independent Scheme Creditors. A review of the Comparable MCBs reveals that clauses on adjustments to conversion price of mandatory convertible bonds are commonly featured as a term of the Comparable MCBs as all the Comparable MCBs have terms regarding conversion price adjustment, and although the adjustment events may not be identical, they are generally similar in nature. In addition, though not all circulars of the Comparable MCBs disclosed the formula for conversion price adjustments under different adjustment events, we noted there is similar formula for adjusting conversion price of Comparable MCBs as that of the MCB under similar adjustment events amongst the terms of Comparable MCBs. Furthermore the adjustments will be determined by an independent calculation agent. Therefore the adjustments to the MCB Conversion Price is fair and reasonable.

### *Guarantee*

The MCB is guaranteed by the corporate guarantees given by the Subsidiary Guarantors, comprising 5 subsidiaries of the Company. Such guarantee is equally applicable to all the MCB held by Scheme Creditors, regardless whether they are Connected Persons or other independent Scheme Creditors.

A review of the Comparable MCBs reveals that a majority of the Comparable MCBs have guarantees clause to the terms of the Comparable MCBs, indicating that the guarantees to mandatory convertible bonds are common. Therefore we consider that the guarantee to the MCB is justifiable.

### *Mandatory conversion*

The MCB has a periodic mandatory conversion feature that specifies a designated quantum of the initial issue size of the MCB to be mandatorily converted into MCB Conversion Shares at specified timeline, with the remaining principal amount of the MCB be mandatorily converted into Shares on the maturity date of the MCB. The aforementioned mandatory conversion schedule enables the Company to achieve de-leveraging in a shorter period of time, improve the capital structure and in turn benefits the Independent Shareholders.

A review of the Comparable MCBs shows that all the Comparable MCBs have a mandatory conversion feature on the maturity date of the MCB, with 4 out of 11 Comparable MCBs containing periodic mandatory conversion feature similar to the MCB. Therefore we consider that the mandatory conversion clause of the MCB is fair and reasonable.

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### *Dilution effect*

We note that the dilution effect to the existing public shareholders (excluding mandatory convertible bondholders who are considered as public) of the Comparable MCBs ranged from approximately 6.75% to approximately 40.60% with the average dilution effect of approximately 23.64%. As stated under the section headed “5. Possible dilution effect on the shareholding interests of the public Shareholders” below, assuming full conversion of the MCB at the initial MCB Conversion Price of HK\$1.52 per Share and MCB in the aggregate principal amount of USD501,183,055 will be issued by the Company, the shareholding interests of public Shareholders would be diluted by approximately 7.72%, which is within the range and below the average of the Comparable MCBs. Independent Shareholders should however note that such dilution would not be solely caused by the MCB to the Connected Persons, in fact the principal amount of the MCB to the Connected Persons of USD2,253,628 only represents a fraction (i.e. approximately 0.45%) of the aggregate principal amount of the MCB of approximately USD501,183,055. Most of the dilution would be caused by the full conversion of the MCB to the other Scheme Creditors apart from the Connected Persons, where the principal amounts of the MCB issued to the Connected Persons pale in comparison with that of the MCB to other Scheme Creditors. In view of the fact that (i) the initial MCB Conversion Price represents a premium of approximately 1,954.05% over the closing price of HK\$0.074 per Share on 1 August 2025, being the date of the RSA; (ii) the dilution effect of the MCB to the Connected Person alone would be approximately 0.05% (assuming full conversion of the MCB to the Connected Persons and none of the MCB to the other Scheme Creditors is converted), which is below the minimum dilution effect of 6.75% of the Comparable MCBs, we consider that the dilution effect of the MCB to the Connected Persons is justifiable.

We also note that (i) the dilution effect of full conversion of the principal amount of the MCB of USD501,183,055 (i.e. approximately 7.72%) at the initial MCB Conversion Price of HK\$1.52 per Share is within the range and below the average of the Comparable MCBs; and (ii) the term to maturity of the MCB is estimated to be less than two (2) years with (a) 50% of the initial issue size of the MCB shall be converted into MCB Conversion Shares on the Restructuring Effective Date; and (b) 25% the initial issue size of the MCB (less the aggregate principal amount of the MCB voluntarily converted during the period ending on 31 December 2026) shall be converted into MCB Conversion Shares on 31 December 2026 under its mandatory conversion feature. This could enable the Company to achieve de-leveraging in a shorter period of time, improve the capital structure and in turn benefits the Independent Shareholders. In view of the above, we consider that the dilution effect of conversion of the MCB is acceptable.

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(v) *Comparable transactions analysis of STN and LTN*

(a) *STN*

To further assess the fairness and reasonableness of the STN, we have conducted an independent research, using our best endeavours, of recent restructuring transactions involving issuance/subsorption of the short term notes by companies listed on the Main Board of the Stock Exchange (the “**STN Comparable Notes**”). The selection criteria of the STN Comparable Notes is based on the following: (i) restructuring transactions during the period from 1 March 2024 up to the Last Trading Day, being a period of approximately two (2) years prior to the Last Trading Day (the “**CN Comparison Period**”) in which the respective circulars were published during the CN Comparison Period; (ii) information of the STN Comparable Notes are disclosed in the respective circulars; (iii) the term to maturity of the STN Comparable Notes is 6 years or less; and (iv) companies listed on GEM of the Stock Exchange were excluded. Given that the Company is listed on the Main Board of the Stock Exchange, we are of the view that a list of STN Comparable Notes which is listed on the same market is able to provide a fair and representative sample.

Based on our best endeavours and as far as we are aware, an exhaustive list of a total of five (5) STN Comparable Notes, which met the said criteria in which the respective circulars were published during the CN Comparison Period, have been identified to provide a general reference on the market practice in relation to the restructuring transactions involving issuance/subsorption of notes during the CN Comparison Period. We consider that the CN Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the STN Comparable Notes as a whole provides a fair and representative sample.

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Details of the STN Comparable Notes are set out in the table below.

**Table 5: Analysis of the STN Comparable Notes**

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Nature of Collateral
10 Jul 2025	1233	Times China Holdings Limited	No				Secured by capital stock and charge over a cash sweep account
		- Short Term Notes		USD190,000,000	3.50	4.00%	
31 Mar 2025	1232	Golden Wheel Tiandi Holdings Company Limited	Yes	USD506,662,503	5.00	1.00%	Secured by shares pledges
29 Nov 2024	1638	Kaisa Group Holdings Ltd.	No				Secured by shareholder loan, offshore allocation account, designated onshore account and shares pledges
		- Tranche A		USD400,000,000	2.29 (Note 1)	5.00% or 5.50% or 6.00% or 6.50% (Note 2)	
		- Tranche B		USD600,000,000	3.29 (Note 1)	5.25% or 6.25% (Note 2)	
		- Tranche C		USD1,000,000,000	4.29 (Note 1)	5.50% or 6.50% (Note 2)	
		- Tranche D		USD1,200,000,000	5.29 (Note 1)	5.75% or 6.75% (Note 2)	
5 Nov 2024	1238	Powerlong Real Estate Holdings Limited	No	up to USD558,166,990			Secured by shares pledges and designated account
		-New Medium Term Notes		Depends on selection	5.00	2.75-3.50%	
1 Nov 2024	3377	Sino-Ocean Group Holding Limited	Yes	up to USD2,200,000,000	3.0-6.0 (Note 3)	3.00%	Secured by receivables, shares, partnership interests, properties and other assets
				Maximum	6.00	6.75%	
				Minimum	2.29	1.00%	
				Average	4.15	4.36%	
	1777	The Company		STN (USD632,473,681)	6.0	3.00%	Secured by securities and bank accounts

*Source: website of the Stock Exchange*

*Notes:*

- The terms to maturity of the new notes of Kaisa Group Holdings Ltd. were calculated based on the issue date of the new notes of Kaisa Group Holdings Ltd., which is the restructuring effective date (i.e. 15 September 2025) announced in the announcement of Kaisa Group Holdings Ltd. dated 15 September 2025.
- The interest rates of the notes of Kaisa Group Holdings Ltd. vary due to (i) whether all interest with respect to such interest payment period is paid in cash or whether any portion of interest with respect to such interest payment period is paid in kind; and/or (ii) whether the original maturity is extended or not (if applicable).
- The circular of Sino-Ocean Group Holding Limited only disclosed the entire new notes amount of USD2,200,000,000 with the redemption date commencing from 36 months after the restructuring effective date with a 12 months interval up to 120 months, with no specific notes amount relating to specific redemption period.

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### *Interest rate*

As shown in the table above, we note that the interest rates of the STN Comparable Notes ranged from 1.00% to 6.75% per annum, with an average interest rate of approximately 4.36% per annum. The interest rate of the STN, being 3.00% per annum, therefore falls within the range of the STN Comparable Notes and is below the average interest rate of the STN Comparable Notes. In addition, the Company has the option to pay all or a portion interest accrued in paid-in-kind interest instead of cash that will help in preserving the cashflow of the Group. Accordingly we consider the interest rate of the STN is in the interests of the Company and the Shareholders as a whole.

### *Note term*

As the term of the STN exceeds five (5) years, it will not be classified as current liabilities of the Group upon issuance. The STN will not result in immediate cash outflow for the Group, which in turn will help in relieving any immediate liquidity pressure to the Company. This will assist the Group in planning its financial resources efficiently. Accordingly we consider that the term to maturity of the STN is fair and reasonable.

### *Security*

The valuation of the security provided by the Company for STN can be referred to the detailed information under section headed “3. Principal terms of the Proposed Debt Restructuring” and sub-section titled “(iii) STN – Security” in this letter.

We understand from the Company that the security over the Project Moonlight Secured Account, the Specified Assets Secured Account and the Onshore Secured Account relates to cash proceeds from the disposal of the relevant assets (and not the assets themselves), and the value of the security depends on the amount of sale proceeds deposited into the relevant account (which is maintained in the name of either the Company or its subsidiary). Furthermore there is no obligation on the part of the Company to deposit funds into the secured accounts if no disposal of the relevant assets has been effected. The cash proceeds deposited into the secured accounts are ringfenced for the purpose of settling amounts due under the STN. In case of enforcement of by the Scheme Creditors, there is no relevant risks and potential impact to the Company’s operational conditions. In terms of financial impact to the Company, even without the security and the STN under the Proposed Debt Restructuring, the Company would have used the cash sale proceeds to repay its creditors since the creditors’ debts were long overdue. Therefore, the enforcement of such

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security on its own will not have any additional impact on the financial position of the Company considering the cash proceeds cannot be used for any other purposes.

As all the five (5) STN Comparable Notes are secured by collateral (i.e. securities and bank accounts), we consider the collateral for the STN (i.e. the securities as well as onshore and offshore bank accounts) are in line with the normal market practices. The Subsidiary Guarantors will also provide corporate guarantees to the STN which will protect the interest of the creditors. Therefore, we are of the view that the collateral of the STN provided are on normal commercial terms, fair and reasonable.

In terms of the other principal terms of the STN, we noted that all companies in the STN Comparable Notes have a mandatory redemption clause at the maturity date. Such arrangement allows the Company to optimise its financial resources and redeem the STN when it is financially capable in the longer term. Therefore, we are of the view that the mandatory redemption mechanism under the STN is fair and reasonable.

*(b) LTN*

To further assess the fairness and reasonableness of the LTN, we have conducted an independent research, using our best endeavours, of recent restructuring transactions involving issuance/subscription of the long term notes by companies listed on the Main Board of the Stock Exchange (the “**LTN Comparable Notes**”, collectively with the STN Comparable Notes, the “**Comparable Notes**”). The selection criteria of the LTN Comparable Notes is the same as the STN Comparable Notes, except for criteria (iii) where the term to maturity of the LTN Comparable Notes is more than 6 years, which is generally considered to be medium to long term.

Based on our best endeavours and as far as we are aware, an exhaustive list of a total of six (6) LTN Comparable Notes, which met the said criteria in which the respective circulars were published during the CN Comparison Period, have been identified to provide a general reference on the market practice in relation to the restructuring transactions involving issuance/subscription of notes during the CN Comparison Period. The CN Comparison Period is considered appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the LTN Comparable Notes as a whole provides a fair and representative sample.

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Details of the LTN Comparable Notes are set out in the table below.

**Table 6: Analysis of the LTN Comparable Notes**

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Nature of Collateral
17 Nov 2025	200	Country Garden Holdings Company Limited	Yes				Secured by shares pledges
		- New Medium Term Instrument (Note 1)		Up to USD2,709,300,000	7.0-7.5	2.50-5.00% (Note 2)	
		- Long Term Instrument (A) (Note 1)		Depends on selection	9.0-9.5	2.00-2.25% (Note 2)	
		- Long Term Instrument (B) (Note 1)		Up to USD1,500,000,000	10.0-11.5	1.00-1.25% (Note 2)	
10 Jul 2025	1233	Times China Holdings Limited	No				Secured by capital stock and charge over a cash sweep account
		- Medium Term Notes		USD825,000,000	7.00	4.20%	
		- Long Term Notes		USD400,000,000	8.00	4.50%	
30 Dec 2024	813	Shimao Group Holdings Limited	Yes				Secured by shares pledges, receivable assignment and designated bank accounts
		- Tranche E		USD1,800,000,000	6.29 (Note 3)	6.00% or 7.00% (Note 4)	Secured by shareholder loan, offshore allocation account, designated onshore account and shares pledges
		- Tranche F		USD1,686,210,005	7.29 (Note 3)	6.25% or 7.25% (Note 4)	
5 Nov 2024	1238	Powerlong Real Estate Holdings Limited	No				Secured by shares pledges and designated account
		-New Long Term Notes		up to USD238,558,389	7.50	2.00-2.75%	
1 Nov 2024	3377	Sino-Ocean Group Holding Limited	Yes				Secured by receivables, shares, partnership interests, properties and other assets
				up to USD2,200,000,000	7.0-10.0 (Note 3)	3.00%	
				<b>Maximum</b>	<b>11.50</b>	<b>7.25%</b>	
				<b>Minimum</b>	<b>6.29</b>	<b>1.00%</b>	
				<b>Average</b>	<b>8.13</b>	<b>3.63%</b>	
	1777	The Company		LTN (USD809,603,733)	9.0	3.00%	Secured by securities and bank accounts

Source: website of the Stock Exchange

Notes:

- The new medium term instrument, long term instrument (A) and long term instrument (B) of Country Garden Holdings Company Limited are proposed to be issued in the form of a loan and notes according to the information disclosed in the circular of Country Garden Holdings Company Limited dated 17 November 2025.
- The interest rates of the instruments of Country Garden Holdings Company Limited vary due to whether all interest with respect to such interest payment period is paid in cash or whether any portion of interest with respect to such interest payment period is paid in kind fully or partially.
- The terms to maturity of the new notes of Kaisa Group Holdings Ltd. were calculated based on the issue date of the new notes of Kaisa Group Holdings Ltd., which is the restructuring effective date (i.e. 15 September 2025) announced in the announcement of Kaisa Group Holdings Ltd. dated 15 September 2025.

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4. *The interest rates of the notes of Kaisa Group Holdings Ltd. vary due to (i) whether all interest with respect to such interest payment period is paid in cash or whether any portion of interest with respect to such interest payment period is paid in kind; and/or (ii) whether the original maturity is extended or not (if applicable).*
5. *The circular of Sino-Ocean Group Holding Limited only disclosed the entire new notes amount of USD2,200,000,000 with the redemption date commencing from 36 months after the restructuring effective date with a 12 months interval up to 120 months, with no specific notes amount relating to specific redemption period.*

### *Interest rate*

As shown in the table above, we note that the interest rates of the LTN Comparable Notes ranged from 1.00% to 7.25% per annum, with an average interest rate of approximately 3.63% per annum. The interest rate of the LTN, being 3.00% per annum, therefore falls within the range of the LTN Comparable Notes and is slightly below the average interest rate of the LTN Comparable Notes. In addition, the Company has the option to pay all or a portion interest accrued in paid-in-kind interest instead of cash that will help in preserving the cashflow of the Group. Accordingly we consider the interest rate of the LTN is in the interests of the Company and the Shareholders as a whole.

### *Note term*

As the term of the LTN is nine (9) years, it will not be classified as current liabilities of the Group upon issuance. The LTN will not result in immediate cash outflow for the Group, which in turn will help in relieving any immediate liquidity pressure to the Company. This will assist the Group in planning its financial resources efficiently. Accordingly we consider that the term to maturity of the LTN is justifiable, fair and reasonable.

### *Security*

The valuation of the security provided by the Company for the LTN can be referred to the detailed information under the section headed “3. Principal terms of the Proposed Debt Restructuring” and sub-section titled “(iv) LTN – Security” in this letter.

We understand from the Company that the security over the Specified Assets Secured Account and the Onshore Secured Account relates to cash proceeds from the disposal of the relevant assets (and not the assets themselves), and the value of the security depends on the amount of sale proceeds deposited into the relevant account (which is maintained in the name of either the Company or its subsidiary). Furthermore there is no obligation on the part of the Company to deposit funds into the secured accounts if no disposal of the relevant assets has been effected. The cash

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proceeds deposited into the secured accounts are ringfenced for the purpose of settling amounts due under the LTN. In case of enforcement of by the Scheme Creditors, there is no relevant risks and potential impact to the Company's operational conditions. In terms of financial impact to the Company, even without the security and the LTN under the Proposed Debt Restructuring, the Company would have used the cash sale proceeds to repay its creditors since the creditors' debts were long overdue. Therefore, the enforcement of such security on its own will not have any additional impact on the financial position of the Company considering the cash proceeds cannot be used for any other purposes.

As all the six (6) LTN Comparable Notes are secured by collateral (i.e. securities and bank accounts), we consider the collateral for the LTN (i.e. the securities as well as onshore and offshore bank accounts) are in line with the normal market practices. The Subsidiary Guarantors will also provide corporate guarantees to the LTN which will protect the interest of the creditors. Therefore, we are of the view that the collateral of the LTN provided are on normal commercial terms, fair and reasonable.

In terms of the other principal terms of the LTN, we noted that all companies in the LTN Comparable Notes have a mandatory redemption clause at the maturity date. Such arrangement allows the Company to optimise its financial resources and redeem the LTN when it is financially capable in the longer term. Therefore, we are of the view that the mandatory redemption mechanism under the LTN is fair and reasonable.

### **(vi) Comparable transactions analysis of Loan Capitalisation**

To further assess the fairness and reasonableness of the Capitalisation Share Price, we have conducted an independent research, using our best endeavours, of recent loan/debt capitalisation and restructuring transactions involving issuance/subsorption of new shares to connected persons under specific mandate by companies listed on the Main Board of the Stock Exchange (the "**Comparable Loan Capitalisation**"). The selection criteria of the Comparable Loan Capitalisation is based on the following: (i) loan/debt capitalisation and restructuring transactions during the Review Period; (ii) companies listed on GEM of the Stock Exchange were excluded. Given that the Company is listed on the Main Board of the Stock Exchange, we are of the view that a list of Comparable Loan Capitalisation which is listed on the same market is able to provide a fair and representative sample; and (iii) relevant transactions involving the issuance/subsorption of A shares and domestic shares that are not traded on the Stock Exchange were excluded.

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Based on our best endeavours and as far as we are aware, an exhaustive list of a total of thirteen (13) Comparable Loan Capitalisation, which met the said criteria in which the respective circulars were published during the Review Period (i.e. approximately one (1) year from 3 March 2025 and up to and including the Last Trading Day), have been identified to provide a general reference for and to compare with the market practice in relation to the loan/debt capitalisation and restructuring transactions involving issuance/subscription of new shares during the Review Period.

Details of the Comparable Loan Capitalisation are set out in the table below.

**Table 7: Analysis of the Comparable Loan Capitalisation**

Date of circular (Note 1)	Company Name	Stock Code	Issue/ Subscription Price (HK\$)	Premium/(discount) of the issue/subscription price over/(to)			Dilution effect of public shareholders
				Last trading day prior to/ on the date of announcement/ agreement	Last 5 consecutive trading days prior to/on the date of the relevant announcement/ agreement	Last 10 consecutive trading days prior to/on the date of the relevant announcement/ agreement (Note 2)	
29 Jan 2026	JX Energy Limited	3395	0.30	(1.64)%	(1.32)%	(1.96)%	11.53%
29 Dec 2025	Central Development Holdings Limited	475	0.40	(3.61)%	(8.05)%	(8.68)%	7.65%
11 Dec 2025	Chuanglian Holdings Limited	2371	0.38	8.57%	8.57%	8.57%	8.52%
26 Nov 2025	GoFintech Quantum Innovation Limited	290	1.28	4.92%	2.56%	1.75%	3.07%
17 Nov 2025	Country Garden Holdings Company Limited	2007	0.6	39.53%	44.93%	36.05%	17.89%
16 Oct 2025	CIFI Holdings (Group) Co. Limited	884	0.40	23.08%	54.32%	65.63%	5.95%
24 Sep 2025	New Concepts Holdings Limited	2221	1.00	13.64%	14.94%	12.36%	4.93%
29 Aug 2025	Global Bio-chem Technology Group Company Limited	809	0.12	36.36%	34.23%	37.30%	8.61%
22 Aug 2025	Dream East Group Limited (Note 3)	593	0.16	(91.88)%	(92.08)%	(92.42)%	89.97%
10 Jul 2025	New City Development Group Limited	456	0.442	(4.95)%	(7.53)%	(12.99)%	6.28%
19 Jun 2025	Zhongzheng International Company Limited	943	0.20	0.00%	0.00%	(1.00)%	23.90%
22 May 2025	China HK Power Smart Energy Group Limited	931	0.195	0.00%	(0.51)%	(4.41)%	3.48%
16 May 2025	Regent Pacific Group Limited	575	0.485	0.00%	16.00%	13.00%	8.73%
			<b>Maximum</b>	<b>39.53%</b>	<b>54.32%</b>	<b>65.63%</b>	<b>89.97%</b>
			<b>Minimum</b>	<b>(91.88)%</b>	<b>(92.08)%</b>	<b>(92.42)%</b>	<b>3.07%</b>
			<b>Average</b>	<b>1.85%</b>	<b>5.08%</b>	<b>4.09%</b>	<b>15.42%</b>
	<b>Capitalisation Share Price</b>		<b>0.30</b>	<b>275.00%</b>	<b>264.08%</b>	<b>264.52%</b>	<b>10.80%</b>

Source: website of the Stock Exchange

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Notes:

1. *The issuance of new shares under specific mandate under a restructuring transaction by Golden Wheel Tiandi Holdings Company Limited (stock code: 1232), whose circular was dated 31 March 2025, is excluded from the Comparable Loan Capitalisation and the relevant analysis as it appears to be an outlier as compared to the other companies under the Comparable Loan Capitalisation. The premium of its issue price represented (i) 3,930% over last trading day prior to/on the date of the relevant announcement/agreement; (ii) 3,800% over last five (5) consecutive trading days prior to/on the date of the relevant announcement/agreement; and (iii) 3,930% over last ten (10) consecutive trading days prior to/on the date of the relevant announcement/agreement, respectively. This may in turn provide a unreasonably high maximum value and high average value for comparison, and thus does not provide a meaningful analysis.*
2. *Save for New City Development Group Limited (stock code: 456), Global Bio-chem Technology Group Company Limited (stock code: 809), CIFI Holdings (Group) Co. Limited (stock code: 884), Country Garden Holdings Company Limited (stock code: 2007), Chuanglian Holdings Limited (stock code: 2371) and JX Energy Limited (stock code: 3395), the relevant circulars of the companies under the Comparable Loan Capitalisation did not disclose the respective premium/discount of the issue/subscription price over/to the average closing price for the last 5 consecutive trading days and the last 10 consecutive trading days up to and including the last trading day respectively. Those respective discount/premium of the issue/subscription price over the last 5 consecutive trading days and the last 10 consecutive trading days prior to the date of the relevant last trading day is calculated based on the market data published on the website of the Stock Exchange.*
3. *The respective premium/discount of the subscription price over/to the average closing price for last trading day, the last 5 consecutive trading days and the last 10 consecutive trading days up to and including the last trading day of Dream East Group Limited (stock code: 593) is calculated based on the last full trading day before the suspension of trading in the shares on 11 March 2024.*

As shown in the table above, the issue/subscription prices of the Comparable Loan Capitalisation ranged from:

- (i) a discount of approximately 91.88% to a premium of approximately 39.53% to/ over the respective closing prices of their shares on the last trading day prior to/ on the date of the announcement/agreement in relation to the relevant share issuance/subscription (the “**Last Trading Day Range**”), with an average premium of approximately 1.85% the (“**Last Trading Day Average**”);
- (ii) a discount of approximately 92.08% to a premium of approximately 54.32% to/ over the average closing prices of their shares on the last five (5) consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share issuance/subscription (the “**Five Days Range**”), with an average premium of approximately 5.08% (the “**Five Days Average**”); and

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- (iii) a discount of approximately 92.42% to a premium of approximately 65.63% to/over the average closing prices of their shares on the last ten (10) consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share issuance/subscription (the “**Ten Days Range**”), with an average premium of approximately 4.09% (the “**Ten Days Average**”).

We noted that the Capitalisation Share Price represents a premium of approximately 275.00%, 264.08% and 264.52% to the closing price of the Shares (a) on 13 March 2026, being the Last Trading Day; (b) for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day; and (c) for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day, respectively. The respective premium represented by the Capitalisation Share Price is well above the Last Trading Day Range, Five Days Range and Ten Days Range respectively, and are significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average, respectively.

We noted that the Capitalisation Share Price of HK\$0.30 is significant lower than the MCB Conversion Price and the Scheme Creditor Share Price of HK\$1.52, which were mainly due to different consideration when determining the Capitalisation Share Price, the MCB Conversion Price and the Scheme Creditor Share Price. The different consideration taken into account by the Company and the Ad Hoc Group is set out below:

- (a) The Capitalisation Share Price of HK\$0.30 was determined after arm’s length negotiations between the Company, the Ad Hoc Group and Ms. Zeng after taking into account, among other things, the need to balance the dilution impact of the various equity issuances on the Restructuring Effective Date with a view to allowing the controlling shareholder (i.e. Ms. Zeng) to maintain reasonable control over the Company, which would in turn facilitate the Company’s operations.

Other factors considered include full discharge of the Shareholder Loan, the impact of the issue price on the level of support from the Scheme Creditors, the prevailing market conditions and sentiment with the regard to the real estate industry and the distressed financial condition of the Group.

- (b) The MCB Conversion Price and Scheme Creditor Share Price was determined after arm’s length negotiations between the Company and the Ad Hoc Group after taking into account, among other things, zero coupon rate of the MCB, and the difficulty faced by the Company in accessing external financing for the repayment of the Existing Notes and Existing Additional Debt Instruments.

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Other factors considered include the full discharge of the Scheme Creditors' Claims and the discount applied to the principal amount, balancing the dilution impact of the various equity issuances on the Restructuring Effective Date and upon conversion of the MCB with a view to allowing the controlling shareholder (i.e. Ms. Zeng) to maintain reasonable control over the Company, which would in turn facilitate the Company's operations, and the impact of the issue price on the level of support from the Scheme Creditors.

Having taken into account the following:

- (i) all accrued but unpaid interest (including default interest) outstanding on the Shareholder Loan, currently stood at USD69,472,237 (equivalent to approximately HK\$541,883,446) as at 12 February 2026, shall be waived and not be included for the purpose of conversion under the Loan Capitalisation, hence the Capitalisation Share Price which is lower than the MCB Conversion Price and Scheme Creditor Share Price can be viewed as a compensation to Ms. Zeng and Fantasy Pearl for their support to the Group all these years;
- (ii) the Loan Capitalisation is an arrangement between the Company and Fantasy Pearl (being a controlling shareholder of the Company) on the settlement of the outstanding Shareholder Loan, whilst the MCB and Scheme Creditors Shares are issued pursuant to the negotiation and agreement between the Company and the Scheme Creditors on the outstanding indebtedness, with no input from the Connected Persons although they are also one of the Scheme Creditors;
- (iii) the Capitalisation Share Price is higher than the average closing price of the Shares during the Review Period;
- (iv) the Capitalisation Share Price represents a premium of approximately 275.00%, 264.08% and 264.52% to the closing price of the Shares (a) on the Last Trading Day; (b) for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day; and (c) for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day, respectively. Such respective premiums represented by the Capitalisation Share Price are well above the Last Trading Day Range, Five Days Range and Ten Days Range respectively, and are significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average, respectively;
- (v) the continuous support from Ms. Zeng and Fantasy Pearl is critical in providing the New Shareholder Loan to fund certain fees and expenses under the Proposed Debt Restructuring; and

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- (vi) Loan Capitalisation is part of the Proposed Debt Restructuring which will help to reduce the debt of the Group and reflects Fantasy Pearl's support for the Proposed Debt Restructuring,

we are of the view that Capitalisation Share Price is acceptable.

We also noted from the Comparable Loan Capitalisation that the relevant potential dilution effect to the public shareholders ranged from approximately 3.07% to approximately 89.97% with an average dilution effect of approximately 15.42%. The potential dilution effect of approximately 10.80% to the existing public Shareholders as contemplated under the Loan Capitalisation falls within the range but is below the average dilution effect to the public shareholders of the Comparable Loan Capitalisation.

Having considered the fact that:

- (i) the Capitalisation Share Price of HK\$0.30 is above the range of the closing prices of the Shares and represents a premium of approximately 165.5% over the highest closing price of approximately HK\$0.113 during the Review Period;
- (ii) the premium of the Capitalisation Share Price is above the range of the Comparable Loan Capitalisation and is significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average of the Comparable Loan Capitalisation respectively;
- (iii) the potential dilution effect of the Shareholder Loan Conversion to the shareholding of the existing public Shareholders is within the range of the Comparable Loan Capitalisation; and
- (iv) the Loan Capitalisation is a preferred solution to satisfactorily solve the current indebtedness issues faced by the Group given the Company's predicament circumstances, comparing to other fundraising methods,

we consider that the Capitalisation Share Price is fair and reasonable so far as the Independent Shareholders are concerned.

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### 5. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table contained under the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from the Board,

- (i) the shareholding interests of the public Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 11.80% immediately after the issuance of Scheme Creditor Shares, assuming no other change in the number of issued Shares or the holding of Shares or MCB;
- (ii) the shareholding interests of the public Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 7.72% immediately after issuance of MCB Conversion Shares assuming full conversion of the MCB in the aggregate principal amount of USD501,183,055 at the initial MCB Conversion Price of HK\$1.52 per Share and no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion);
- (iii) the shareholding interests of the public Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 5.27% immediately after the issuance of Scheme Fee Shares; assuming no other change in the number of issued Shares or the holding of Shares or MCB;
- (iv) the shareholding interests of the public Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 10.80% immediately after the issuance of Capitalisation Shares; assuming no other change in the number of issued Shares or the holding of Shares or MCB;
- (v) the shareholding interests of the public Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 17.59% immediately after:
  - (a) issuance of Scheme Creditor Shares;
  - (b) issuance of MCB Conversion Shares assuming full conversion of the MCB in the aggregate principal amount of USD501,183,055 at the initial MCB Conversion Price of HK\$1.52 per Share;
  - (c) issuance of Scheme Fee Shares;
  - (d) issuance of Capitalisation Shares; and

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- (e) no other change in the number of issued Shares or the holding of Shares or MCB (other than conversion).

In this regard, taking into account (i) the reasons for the issuance of Scheme Creditor Shares, MCB Conversion Shares (assuming full conversion at the initial MCB Conversion Price), Scheme Fee Shares and Capitalisation Shares; (ii) the premium of approximately 1,796.2%, 1,796.2%, 24.7% and 274.2% respectively represented by Scheme Creditor Share Price; the MCB Conversion Price; Scheme Fee Share Price and Capitalisation Share Price over the average closing price of the Shares during the Review Period; (iii) the premium of approximately 1,954.05% represented by the initial MCB Conversion Price over the closing price of HK\$0.074 per Share on 1 August 2025, being the date of the RSA; and (iv) preservation of shareholder value while reaching a resolution with the Company's Scheme Creditors, we are of the view that the impact of such level of dilution to the shareholding interests of the public Shareholders is acceptable.

### **6. Financial effects of the Proposed Debt Restructuring**

#### ***(i) Effect on total liabilities and net liabilities***

According to the 2025 Annual Results Announcement, the audited total liabilities and net liabilities of the Group was approximately RMB87.3 billion and RMB20.6 billion respectively as at 31 December 2025. Assuming the Group will not incur other new borrowings save for the New Shareholder Loan and no other settlement will be made on the Group's liabilities save for the Proposed Debt Restructuring from 31 December 2025 to completion of the Proposed Debt Restructuring (including full conversion of MCB), upon completion of the Proposed Debt Restructuring (including full conversion of MCB), the Group's book value of liabilities as at 31 December 2025 (including Existing Notes, Existing Additional Debt Instruments, Shareholder Loans and accrued interests) of RMB44,285,526,774, will be eliminated and be replaced with an expected liability of book value of STN, LTN and New Shareholder Loan of RMB10,426,157,381.

In light of the decrease in book value of total liabilities stated above, the Group will restore its net liabilities position of approximately RMB20,589,097,000 as at 31 December 2025 to a net assets position of approximately RMB13,313,472,393. We consider that the Proposed Debt Restructuring will result in an overall improvement on the Group's financial position upon completion of the Proposed Debt Restructuring (including full conversion of MCB).

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### *(ii) Effect on net gearing ratio*

According to the 2025 Annual Results Announcement, the Group's gearing ratio (total liabilities divided by total assets) was approximately 130.9% as at 31 December 2025. Assuming (a) no new borrowings are incurred by the Group save for the New Shareholder Loan; (b) no other settlement are made on the Group's liabilities save for the Proposed Debt Restructuring, and (c) there is no other change to the Group's total assets save for the change caused by the New Shareholder Loan from 31 December 2025 up to completion of the Proposed Debt Restructuring (including full conversion of MCB), the Group's gearing ratio is expected to improve to approximately 80.1% upon completion of the Proposed Debt Restructuring (including full conversion of MCB). Accordingly the Proposed Debt Restructuring will have an overall improvement on the gearing ratio of the Group.

### *(iii) Effect on working capital*

As the Proposed Debt Restructuring will achieve a reduction of approximately 76% of the Company's indebtedness as at 31 December 2025 without incurring any cash outflow (save and except for the professional fees in relation to the Proposed Debt Restructuring) by the Group, the Proposed Debt Restructuring would enable the Group to retain and utilise cash that would otherwise be used to repay the indebtedness prior to the Proposed Debt Restructuring on its general working capital, for repayment of other borrowings and/or business operation. Accordingly, the cash and liquidity positions of the Group are expected to be improved upon completion of the Proposed Debt Restructuring (including full conversion of MCB).

## OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular:

- (i) the reasons for the Proposed Debt Restructuring as discussed in the section headed "Background and reasons for the Proposed Debt Restructuring" above, in particular in the consideration of the pressing need to reduce the amount of outstanding indebtedness and alleviate liquidity pressures of the Group;
- (ii) that the Scheme Creditor Share Price, MCB Conversion Price, Scheme Fee Share Price and the Capitalisation Share Price are all higher than the average closing price of the Shares during the Review Period;
- (iii) that the MCB Conversion Price is generally higher than the closing Share prices over the Review Period;
- (iv) that the premiums represented by the MCB Conversion Price are within the range of the Comparable MCBs;

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- (v) that both the interest rate and term to maturity of the MCB fall within the range of the Comparable MCBs;
- (vi) that the respective interest rates and the terms to maturity of STN and LTN fall within the range of the STN Comparable Notes and LTN Comparable Notes respectively;
- (vii) that the premium represented by the Capitalisation Share Price is above the range of the Comparable Loan Capitalisation;
- (viii) that the respective potential dilutive effects on the shareholding interest of the other Shareholders arising from the issuance of the Scheme Creditor Share, the MCB Conversion Shares, the Scheme Fee Shares and the Capitalisation Shares are acceptable,

we are of the view that although the proposed issues of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation are not conducted in the ordinary and usual course of business of the Group, the principal terms of the issuance of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the proposed issues of Scheme Creditor Shares, MCB, STN, LTN and Scheme Fee Shares and the Loan Capitalisation at the EGM.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Koh Kwai Yim**  
*Managing Director*

*Ms. Koh Kwai Yim is the Managing Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 20 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Director's interest in the securities of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors and chief executive of the Company has any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

### (i) Long positions in the shares and underlying shares of the Company

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying shares of the Company	Approximate percentage of interest in the Company as the Latest Practicable Date
Ms. Zeng	Interest of controlled corporation	3,314,090,500 <sup>(1)</sup>	–	57.41%

Notes:

- (1) Fantasy Pearl International Limited (“**Fantasy Pearl**”) is owned as to 80% by Ice Apex Limited (“**Ice Apex**”) and 20% by Graceful Star Overseas Limited (“**Graceful Star**”). Ice Apex is wholly owned by Ms. Zeng, and Ms. Zeng is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at the Latest Practicable Date, the number of issued shares of the Company was 5,772,597,864.

*(ii) Long positions in the debentures of the Company*

Director	Nature of interest	Relevant debentures	Principal amount of the debentures held	Approximate percentage of the interest in the debentures as at the Latest Practicable Date
Ms. Zeng	Interest of controlled corporation	7.375% senior notes due 2021 issued by the Company	USD5,200,000 (equivalent to HK\$40,560,000)	2.53%
	Interest of controlled corporation	15.0% senior notes due 2021 issued by the Company	USD7,600,000 (equivalent to HK\$59,280,000)	2.54%
	Interest of controlled corporation	11.75% senior notes due 2022 issued by the Company	USD1,500,000 (equivalent to HK\$11,700,000)	0.5%
	Interest of controlled corporation	12.25% senior notes due 2022 issued by the Company	USD1,000,000 (equivalent to HK\$7,800,000)	0.29%
	Interest of controlled corporation	11.875% senior notes due 2023 issued by the Company	USD500,000 (equivalent to HK\$3,900,000)	0.09%
	Interest of controlled corporation	9.25% senior notes due 2023 issued by the Company	USD3,000,000 <sup>(1)</sup> (equivalent to HK\$23,400,000)	0.87%
	Interest of controlled corporation	10.875% senior notes due 2024 issued by the Company	USD4,500,000 <sup>(2)</sup> (equivalent to HK\$35,100,000)	1.94%
Mr. Guo Shaomu	Beneficial owner	7.95% senior notes due 2022 issued by the Company	USD200,000 (equivalent to HK\$1,560,000)	0.04%

*Notes:*

- (1) The debentures are held by Fantasy Pearl, which is indirectly owned as to 80% by Ms. Zeng.
- (2) These comprise: (i) USD2,000,000 (equivalent to HK\$15,600,000) held by Fantasy Pearl; and (ii) USD2,500,000 (equivalent to HK\$19,500,000) held by Baocollection Limited, a company wholly owned by Ms. Zeng.

*(iii) Long positions in associated corporations**Fantasy Pearl*

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at the Latest Practicable Date
Ms. Zeng	Interest of controlled corporation	80 <sup>(1)</sup>	Ordinary	80%

*Note:*

- (1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng.

**(b) Director's interest in the securities of the Company**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following shareholders (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote at general meetings of any other member of the Group.

Substantial shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company as at the Latest Practicable Date
Fantasy Pearl	Beneficial owner	3,314,090,500 (L)	57.41%
Ice Apex <sup>(1)</sup>	Interest of controlled corporation	3,314,090,500 (L)	57.41%

Substantial shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company as at the Latest Practicable Date
T.C.L. Industries Holdings Co., Ltd. <sup>(2)</sup>	Beneficial owner	1,012,740,000 (L)	17.54%

(L) denotes long position

*Notes:*

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at the Latest Practicable Date, Li Rong Development Limited held 1,012,740,000 shares of the Company representing 17.54% interest in the Company. Li Rong Development Limited is wholly owned by TCL Industries Holdings (H.K.) Limited which is in turn wholly owned by TCL Industries Holdings Co., Ltd. TCL Industries Holdings Co., Ltd. is deemed to be interested in the shares held by Li Rong Development Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which 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.

### 3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective associates was considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group.

**4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Opus Capital Limited	a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Opus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), certificate(s) and/or opinion(s) and the references to its names included herein in the form and context in which it is respectively included.

Opus Capital Limited confirmed that as at the Latest Practicable Date, it does not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**9. GENERAL**

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 21/F, CMA Building, 64 Connaught Road Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text.

**10. DOCUMENTS ON DISPLAY**

The following documents are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.cnfantasia.com>) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out on pages 14 to 70 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 71 to 72 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 73 to 146 of this circular;
- (d) the written consent referred to in the section headed "8. Expert and Consent" of this Appendix.

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## NOTICE OF EGM

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花樣年

FANTASIA

**Fantasia Holdings Group Co., Limited**

**花樣年控股集團有限公司**

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

**(Stock Code: 1777)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms which are not expressly defined in this notice shall bear the same meaning as those defined in the circular to the shareholders of the Company dated 29 April 2026 (the “Circular”).

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“EGM”) of Fantasia Holdings Group Co., Limited (the “Company”) will be held at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC at 10 a.m. on Friday, 15 May 2026 for the purposes of considering and, if thought fit, passing the following resolutions (with or without modifications):

#### ORDINARY RESOLUTIONS

1. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the Scheme Creditor Shares:
  - (a) the issuance of the Scheme Creditor Shares (being 5,143,723,515 new Existing Shares) to the Subscribers at the issue price of HK\$1.52 per Existing Share and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and
  - (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the Scheme Creditor Shares and the transactions contemplated thereunder.”

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## NOTICE OF EGM

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2. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the MCB:
- (a) the issuance of the MCB (in the principal amount of USD501,183,055 (equivalent to approximately HK\$3,909,227,829)) to the Subscribers with the MCB Conversion Price of HK\$1.52 per new Existing Share (subject to adjustments as described in the Circular) and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified;
  - (b) the issuance of MCB Conversion Shares (being a total of 2,571,858,330 new Existing Shares upon full conversion of the MCB based on the initial MCB Conversion Price) in accordance with the terms and conditions of the MCB be and is hereby approved, confirmed and ratified; and
  - (c) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the MCB and the transactions contemplated thereunder.”
3. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the STN:
- (a) the issuance of the STN (in the principal amount of USD632,473,681 (equivalent to approximately HK\$4,933,294,712)) to the Subscribers and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and
  - (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the STN and the transactions contemplated thereunder.”
4. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the LTN:
- (a) the issuance of the LTN (in the principal amount of USD809,603,733 (equivalent to approximately HK\$6,314,909,117)) to the Subscribers and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and

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## NOTICE OF EGM

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- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the LTN and the transactions contemplated thereunder.”
5. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the Scheme Fee Shares:
- (a) the issuance of the Scheme Fee Shares (being 1,537,826,767 new Existing Shares) to the Subscribers at the issue price of HK\$0.1 per new Existing Share and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the Scheme Fee Shares and the transactions contemplated thereunder.”
6. “**THAT**, conditional upon the satisfaction of all conditions of the issuance of the Capitalisation Shares:
- (a) the issuance of the Capitalisation Shares (being 4,376,483,544 new Existing Shares) to the Subscriber at the issue price of HK\$0.3 per new Existing Share and the transactions contemplated thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the issuance of the Capitalisation Shares and the transactions contemplated thereunder.”
7. “**THAT**, conditional upon the passing of resolutions 1, 2, 5 and 6:
- (a) the authorised share capital of the Company be increased from HK\$800,000,000 divided into 8,000,000,000 Existing Shares to HK\$3,000,000,000 divided into 30,000,000,000 Existing Shares by creating an additional 22,000,000,000 unissued Existing Shares, and for such Shares to rank *pari passu* in all respects; and

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## NOTICE OF EGM

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- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the Increase in Authorised Share Capital and the transactions contemplated thereunder.”
8. “**THAT**, conditional upon the satisfaction of all conditions of the Share Consolidation, with effect from the date as set out in the Circular (or such other date as the Board may think fit):
- (a) every five (5) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.50 each in the share capital of the Company, and such Consolidated Shares shall rank *pari passu* in all respects with each other and shall have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
- (b) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be disregarded and will not be allocated to the Shareholders otherwise entitled thereto, but will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit;
- (c) conditional upon the Increase in Authorised Share Capital having become effective and immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK\$3,000,000,000 divided into 30,000,000,000 Existing Shares to HK\$3,000,000,000 divided into 6,000,000,000 Consolidated Shares; and
- (d) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the Share Consolidation and the transactions contemplated thereunder.”

By Order of the Board  
**Fantasia Holdings Group Co., Limited**  
**LIN Zhifeng**  
*Executive Director*

Hong Kong, 29 April 2026

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## NOTICE OF EGM

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*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies (if holding two or more shares) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting thereof. 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 should he so wishes and in such event, the form of proxy shall be deemed to be revoked.
4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
5. The register of members of the Company will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026, both days inclusive, during which period no transfer of shares will be effected for the purpose of ascertaining the shareholders entitled to attend and vote at the EGM. All completed transfer forms 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 of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 11 May 2026. The record date for determining the Shareholders' eligibility to attend and vote at the EGM is Friday, 15 May 2026.
6. A form of proxy for use at the EGM is enclosed.