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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Capitalised terms used in this circular shall have the same meanings as defined in the section headed “Definitions” in this circular.

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**Qianhai Health Holdings Limited**

**前海健康控股有限公司**

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

**(Stock Code: 911)**

### **MAJOR TRANSACTION IN RELATION TO A DISPOSAL OF A PROPERTY**

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9 April 2020

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## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 12 March 2020 and 18 March 2020 in relation to the Disposal
“Board”	the board of Directors
“Company”	Qianhai Health Holdings Limited (前海健康控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0911)
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion, being on or before 3 June 2020
“Consideration”	the consideration in the amount of HK\$94,800,000, being the consideration for the Disposal
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property, subject to the terms and conditions of the Provisional S&P Agreement
“Explorer Rosy”	Explorer Rosy Limited, being the controlling Shareholder, holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the date of the Announcement and the Latest Practicable Date
“Formal Agreement”	the formal sale and purchase agreement dated 26 March 2020 and entered into between the Vendor and the Purchaser in relation to the Disposal

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## DEFINITIONS

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Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“Latest Practicable Date”	6 April 2020, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong
“Property Agent”	Centaline Property Agency Limited
“Provisional S&P Agreement”	the provisional sale and purchase agreement dated 12 March 2020 and entered into between the Vendor, the Purchaser and the Property Agent in relation to the Disposal
“Purchaser”	an individual, namely Mr. Lee, Michael, and an Independent Third Party
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Provisional S&P Agreement dated 18 March 2020 and entered into between the Vendor and the Purchaser
“Vendor”	Fortune Gaining Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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## LETTER FROM THE BOARD

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### Qianhai Health Holdings Limited

前海健康控股有限公司

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

**(Stock Code: 911)**

*Non-executive Directors:*

Mr. Huang Guanchao (*Chairman*)

Mr. Lim Tzea

*Executive Directors:*

Mr. Xu Keli

Mr. Lam Hin Chi

*Independent non-executive Directors:*

Mr. Li Wei

Mr. Wu Wai Leung Danny

Mr. Yuen Chee Lap Carl

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place of*

*Business in Hong Kong:*

Room 301-3, 3/F

Wing Tuck Commercial Centre

177-183 Wing Lok Street

Sheung Wan, Hong Kong

9 April 2020

*To the Shareholders*

Dear Sir/Madam,

### MAJOR TRANSACTION IN RELATION TO DISPOSAL OF A PROPERTY

#### INTRODUCTION

Reference is made to the Announcements in which the Company announced that after trading hours on 12 March, 2020, the Vendor, an indirect wholly owned subsidiary of the Company, the Purchaser and the Property Agent, both being Independent Third Parties, entered into the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$94,800,000. The Property shall be disposed of to the Purchaser on an “as is” basis.

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## LETTER FROM THE BOARD

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This circular is despatched to the Shareholders for information purposes only. As disclosed in the Announcements, to the best of the Directors' knowledge and belief, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Disposal, thus no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained written approval from Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the Latest Practicable Date) for approving the Provisional S&P Agreement (as supplemented by the Supplemental Agreement) and the transaction contemplated thereunder. Accordingly, no extraordinary general meeting will be convened to approve the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the Disposal; and (ii) other information as required under the Listing Rules.

### **The Provisional S&P Agreement, the Supplemental Agreement and the Formal Agreement**

Details of the Provisional S&P Agreement, the Supplemental Agreement and the Formal Agreement and the transaction contemplated thereunder are set out below:

#### ***The Provisional S&P Agreement***

Date: 12 March 2020 (after trading hours)

Parties:

- (1) Fortune Gaining Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, as vendor;
- (2) The Purchaser, as purchaser; and
- (3) The Property Agent.

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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, the Purchaser, the Property Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter: Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong

Consideration: HK\$94,800,000

Stamp duty: Ad valorem stamp duty shall be borne by the Purchaser, while special stamp duty (if any) shall be borne by the Vendor

The Property will be sold with vacant possession and on "as is" basis.

### *Consideration*

The Consideration of HK\$94,800,000 was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market price of properties in the same building and similar properties in nearby location. The Directors have obtained estimated market price of the Property from a commercial bank in Hong Kong prior to signing of the Provisional S&P Agreement.

The Consideration shall be paid by the Purchaser by way of cash in the following manner:

- (a) an initial deposit of HK\$4,740,000, representing 5% of the Consideration, upon signing the Provisional S&P Agreement;
- (b) a further deposit of HK\$4,740,000, representing 5% of the Consideration, on or before 26 March 2020; and
- (c) HK\$85,320,000, representing the remaining balance of the Consideration, upon Completion.

The Directors believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the initial and further deposit have been paid by the Purchaser.



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## LETTER FROM THE BOARD

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### *Conditions precedent*

Completion shall be conditional upon (i) approval of the Disposal by the Shareholders having been obtained; and (ii) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transaction contemplated by the Provisional S&P Agreement having been fully complied with.

If any of the foregoing conditions is not fulfilled on or before the Completion Date, the Purchaser has the option (the “**Option**”) to extend the Completion Date by 30 days. If the Purchaser (i) does not exercise the Option; or (ii) has exercised the Option but the foregoing conditions are not fulfilled within 30 days after the original Completion Date, the Purchaser shall be entitled to cancel the transaction under the Provisional S&P Agreement whereupon the Vendor shall, within three days after the cancellation of the Disposal, return to the Purchaser all the deposit paid under the Provisional S&P Agreement without interest or compensation, and neither party shall have any claim whatsoever against the other.

### *Completion*

Completion shall take place on or before 18 May 2020 (or 30 days after 18 May 2020, should the Purchaser exercise the Option).

### *Other*

If mandatory quarantine be imposed on either the Vendor or the Purchaser or their respective solicitors or the business of either of their solicitors is suspended due to government actions against the novel infection disease, the date of payment of further deposit, the date of signing of the Formal Agreement and the Completion Date (as the case may be) shall be deferred to the 7th working day after the mandatory quarantine is ended or business of the solicitors is resumed (whichever is the later).

### ***The Supplemental Agreement***

On 18 March 2020 (after trading hours), the Vendor and the Purchaser entered into the Supplemental Agreement. Pursuant to the Supplemental Agreement, the Vendor and the Purchaser agreed to extend the Completion Date from 18 May 2020 to 3 June 2020 and the Purchaser shall have no Option for extension of the Completion Date for 30 days.

Save as disclosed above, all other terms and conditions of the Provisional S&P Agreement remain unchanged and continue in full force.

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## LETTER FROM THE BOARD

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### *The Formal Agreement*

The Vendor and the Purchaser entered into the Formal Agreement on 26 March 2020, which has incorporated the terms and conditions in the Provisional S&P Agreement (as supplemented by the Supplemental Agreement) as set out above.

### INFORMATION ABOUT THE ASSET TO BE DISPOSED OF

The Property is a residential property, which is located at Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong.

As at the Latest Practicable Date and immediately before Completion, the Property is wholly-owned by the Group.

The Property has been vacant since 1 May 2018. The Property was rented out for the year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, and the Property generated rental income of approximately HK\$1.9 million and HK\$0.7 million for the year ended 31 December 2017 and for the period from 1 January 2018 to 30 April 2018, respectively. Set out below are the net profits (both before and after taxation and extraordinary items) attributable to the Property for the three years ended 31 December 2019:

	For the year ended 31 December		
	2017	2018	2019
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Profit/(Loss) before taxation and extraordinary items	862	(682)	Nil
Profit after taxation and extraordinary items	801	7,451	Nil

The carrying value of the Property as at 31 December 2019, as shown in the audited financial statements of the Vendor for the year ended 31 December 2019 was approximately HK\$94.8 million.

### FINANCIAL EFFECTS OF THE DISPOSAL

The Group expects to record a loss of approximately HK\$1.0 million (after deducting relevant transaction costs of approximately HK\$1.0 million for the Disposal, and subject to adjustment and audit) from the Disposal. This amount is calculated based on the difference between the net consideration of the Disposal (after deducting the related transaction costs) and the carrying value of the Property as at 31 December 2019, which is expected to accrue to the Group upon Completion. The actual gain or loss to be recorded by the Company can only be ascertained when the net book value of the Property and the incidental transaction costs are determined upon Completion and will be subject to audit.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the sale of health-care products and electronic components and international trading. The Company has been actively exploring various healthcare related projects and other potential business.

Since the Property has been vacant for a period of time, the Directors believe that the Disposal provides a good opportunity for the Group to realise its investment in the Property and will enhance the cash flows of the Group. As it is intended that the sales proceeds of the Disposal will be used as general working capital of the Group, the Directors are of the view that the Disposal will allow the Group to redeploy its resources to working capital or investment in existing and future projects which will offer a better and more attractive return to the Group, and benefit the Company and the Shareholders as a whole.

Having considered the above, the Board considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole, but is not in the ordinary or usual course of business of the Group due to the nature of such transaction.

### INFORMATION ON THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment.

The Company is an investment holding company. The Group is principally engaged in the sale of health-care products and electronic components and international trading.

The Purchaser, namely Mr. Lee, Michael, is a retired individual and an Independent Third Party.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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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, no Shareholder is required to abstain from voting on the resolution to approve the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder if the Company were to convene a general meeting for such approval. Explorer Rosy, being the controlling Shareholder holding 892,485,771 Shares (representing approximately 52.72% of the issued share capital of the Company as at the Latest Practicable Date), has given its written approval for the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder, and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened for the purpose of approving the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder.

### RECOMMENDATION

Although no general meeting will be convened for approving the Disposal, the Directors believe that the terms of the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened by the Company, the Directors would have recommended the Shareholders to vote in favour of the entering into of the Provisional S&P Agreement (as supplemented by the Supplemental Agreement), the Formal Agreement and the transaction contemplated thereunder.

### ADDITIONAL INFORMATION

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

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## LETTER FROM THE BOARD

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### WARNING NOTICE

Completion is subject to the satisfaction of the conditions precedent. Therefore, the Disposal may or may not proceed. The Shareholders and the potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

By order of the Board  
**Qianhai Health Holdings Limited**  
**Huang Guanchao**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the two years ended 31 December 2018 are disclosed in the annual reports of the Company for the year ended 31 December 2017 and 2018 respectively. Details of the financial information of the Group for the year ended 31 December 2019 are disclosed in the annual results announcement of the Company for the year ended 31 December 2019 published by the Company on 26 March 2020.

All these financial statements have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.qianhaihealth.com.hk>)

**2. STATEMENT OF INDEBTEDNESS OF THE GROUP**

As at the close of business on 29 February 2020, being the latest practicable date for the purpose of indebtedness statement prior to printing of this circular, the bank borrowings and lease liabilities of the Group are as follows:

	<b>Total</b> <i>HK\$'000</i>	<b>Secured</b> <i>HK\$'000</i>	<b>Unsecured</b> <i>HK\$'000</i>
Bank borrowings	26,271	26,271*	–
Lease liabilities	<u>1,662</u>	<u>–</u>	<u>1,662**</u>

\* Secured by pledges of the Group's leasehold land and buildings.

\*\* This represents the lease arrangements on buildings between the Group and the lessors.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 29 February 2020, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, lease liabilities, finance lease or hire purchase commitments, guarantees or other material contingent liabilities. The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 29 February 2020.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

**4. WORKING CAPITAL**

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Disposal and the present internal financial resources available to the Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in at least the next 12 months from the date of this circular in the absence of unforeseen material circumstances.

**5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is principally engaged in the sale of health-care products and electronic components.

The Group recorded revenue of approximately HK\$587.8 million for the year ended 31 December 2019 and the profit attributable to the equity holders of the Company was approximately HK\$26.7 million, which represented 5 times of that of 2018.

During the year ended 31 December 2019, the Group has diversified the product portfolio, not only increasing the product mix of the health-care products, but also introducing a business of sale of the electronic component products. The sale of electronic component product business has helped the Group expand the income stream and to mitigate the risk exposure under the uncertainty of the global economy.

The Group has always been looking for new and suitable investment or business opportunities and bring valuable returns to the Shareholders.

The current business strategies of the Group are to achieve the best use of its resources and improve its overall performance and achieve portfolio diversification. The Company has been actively looking to diversify its revenue sources in order to enhance the Shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

*The following is the text of letter and valuation report prepared for the purpose of incorporation in this circular, received from Jones Lang LaSalle Limited, an independent property valuer, in connection with their valuation as at 29 February 2020 of the Property.*



Jones Lang LaSalle Limited  
Valuation Advisory Services  
7/F One Taikoo Place 979 King's Road Quarry Bay Hong Kong  
Company Licence No. C-003464  
T +852 2846 5000 F +852 2968 0078

9 April 2020

**The Board of Directors**  
**Qianhai Health Holdings Limited**

Room 301-303, 3/F,  
Wing Tuck Commercial Centre,  
177-183 Wing Lok Street,  
Sheung Wan, Hong Kong

Dear Sirs,

**1.0 INTRODUCTION**

**Instructions**

We refer to the instruction from Qianhai Health Holdings Limited (the “**Company**”) for us to carry out property valuation of Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong (the “**Property**”) as at 29 February 2020 (the “**Date of Valuation**”), for the purposes of inclusion in a public circular to be issued by the Company on 9 April 2020 (the “**Circular**”) in relation to the disposal of the Property.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the unencumbered leasehold interest of the Property, as at the Date of Valuation.



**Basis of Valuation**

All work is carried out in accordance with the “HKIS Valuation Standards 2017 Edition” published by The Hong Kong Institute of Surveyors (“**HKIS**”), the “International Valuation Standards Effective from 31 January 2020” published by the International Valuation Standards Council (“**IVSC**”) and the “RICS Valuation – Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“**RICS**”) subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

We have also complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The valuation presented in this report represents 100% interest of the Property and not the shareholdings of the company holding the property interests hereof.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2015 and our report has been prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation.

**Valuation Assumptions**

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

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

We have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property for the whole of the unexpired land lease term as granted. Unless otherwise stated, we have valued the Property on the assumption that it is freely disposable and transferable for the existing use without payment of any premium to the relevant authorities.

**Source of Information**

We have relied to a considerable extent on the information provided by the Company and we have accepted advice in relation to particulars of occupancy and all other relevant matters. The dimensions, measurements and areas included in the report are based on information contained in copies of documents made available to us and thus are approximations. We have not carried out on site measurements to verify the correctness of the floor areas of the Property.

We have no reason to doubt the truth and accuracy of the information provided to us. The Company also advised that no material facts have been omitted from the information supplied and we have no reason to suspect that material information has been withheld.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the value reported herein.

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual property or verify the floor area provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client’s request or agreement, we declare our departure from the “RICS property measurement” published by RICS.

### **Title Investigation**

We have caused searches on the Property conducted in the Land Registry on 17 March 2020 (“**Land Search Record**”). However, we have not searched the original documents to verify the ownership or to ascertain the existence of any lease amendments, which may not appear on the land search records. All documents have been used for reference only. We have not seen original planning consents and have assumed that the Property had been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

### **Valuation Method**

We have adopted the Direct Comparison Method in the course of our valuation.

The Direct Comparison Method is based on comparing the property to be valued directly with other comparable properties, which have recently been subject to transfer of legal ownership. However, given the differences between individual real estate properties, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

### **Property Inspection**

Due to the outbreak of the Novel Coronavirus COVID-19, we have agreed with the Instructing Parties to carry out only external inspection of the Property. As no internal inspection of the Property was made available to us, we have assumed that the interior of the Property had been maintained in a reasonable manner commensurate with its age. We have not conducted site and structural surveys and, as such, we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Property.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or have since been incorporated, and we are therefore unable to report that the Property is free from risk in this respect. For the purpose of this assessment we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

### **Plant and Machinery**

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded.

### **Foreign Exchange**

We have valued the Property in Hong Kong Dollars ("HKD").

### **Material Valuation Uncertainty due to Novel Coronavirus (COVID – 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Property under frequent review.

**Report**

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the Company for the stated use and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificate is attached hereto.

Yours faithfully

For and on behalf of

**Jones Lang LaSalle Limited**

**Au Kin Keung, Alkan**

*BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA*

*Senior Director*

Licence No.: E-181955

*Note:*

Mr. Au Kin Keung, Alkan, is a qualified general practice surveyor and has about 26 years of experience in valuation of properties in Hong Kong.

## 2.0 VALUATION CERTIFICATE

Property	Description, age and tenure	Particulars of occupancy	Market value as at 29 February 2020
Flat A on 20th Floor, Broadview Villa, No. 20 Broadwood Road, Happy Valley, Hong Kong (the “Property”)	The Property comprises a unit on the 20th floor of Broadview Villa (the “Building”), a 43-storey residential building built over a 5-storey podium completed in 1995.	As advised by the Company, the Property was vacant as at the Date of Valuation.	HKD94,800,000 (Hong Kong Dollars Ninety Four Million Eight Hundred Thousand)
156/14,215th shares of Inland Lot No. 8812	<p>The Building is located along Broadwood Road in Happy Valley.</p> <p>The Property is served by 3 lifts and 2 staircases.</p> <p>According to the sales brochure, the gross floor area and the saleable area of the Property are approximately 3,134ft<sup>2</sup> (291.15m<sup>2</sup>) and 2,853ft<sup>2</sup> (265.05m<sup>2</sup>) respectively.</p> <p>The Property is held under Conditions of Exchange No. 12154 commencing on 19 July 1991 and expiring on 30 June 2047. The annual Government rent payable for Inland Lot No. 8812 is HK\$2,016,360.</p>		

*Notes:*

- (1) As per the Land Search Record, the registered owner of the Property is Fortune Gaining Limited (浚威有限公司).
- (2) As per the Land Search Record, the following encumbrances were registered against the Property:
  - i. Occupation Permit No. H20/95 vide Memorial No. UB6249451 dated 13 March 1995;
  - ii. Certificate of Compliance vide Memorial No. UB6264773 dated 7 April 1995;
  - iii. Deed of Mutual Covenant and Management Agreement in favour of Hopewell Property Management Company Limited “The Manager” vide Memorial No. UB6274152 dated 11 April 1995;
  - iv. Mortgage in favour of United Overseas Bank Limited vide Memorial No. 17062101400040 dated 14 June 2017.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity	Number of Shares held/ interested	Approximate % of interest as at the Latest Practicable Date
Mr. Huang Guanchao	Interest in a controlled corporation, parties acting in concert <i>(Note 2)</i>	892,485,771 (L) (S) <i>(Note 1)</i>	52.72
Mr. Lim Tzea	Interest in a controlled corporation, parties acting in concert <i>(Note 2)</i>	892,485,771 (L) (S) <i>(Note 1)</i>	52.72
Mr. Xu Keli	Beneficial owner	95,000,000 (L) <i>(Note 1)</i>	0.56

*Notes:*

1. The letter “L” denotes long position in the Shares. The letter “S” denotes short position in the Shares.
2. These 892,485,771 Shares were beneficially owned by Explorer Rosy as at the Latest Practicable Date. As at the Latest Practicable Date, Explorer Rosy was owned by Great Prosperous Limited (“**Great Prosperous**”), Thousands Beauties Limited (“**Thousands Beauties**”) and Noble Stand Limited (“**Noble Stand**”) as to 80%, 10% and 10%, respectively. As at the Latest Practicable Date, Great Prosperous was wholly owned by Mr. Huang Guanchao, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim. Mr. Huang Guanchao and Mr. Lim Tzea are deemed to be parties acting in concert pursuant to the SFO. By virtue of the SFO, each of Mr. Huang Guanchao and Mr. Lim Tzea is deemed to be interested in all the Shares held by Explorer Rosy.

**(b) Substantial Shareholders and other persons’ interests in the Shares and underlying Shares**

As at the Latest Practicable Date, substantial Shareholders and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Share which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follow:

Name of person/entity	Capacity	Number of Shares held/ interested	Approximate % of interest as at the Latest Practicable Date
Explorer Rosy	Beneficial owner	892,485,771 (L) (S) (Note 1)	52.72
Great Prosperous	Interest in a controlled corporation, parties acting in concert (Note 2)	892,485,771 (L) (S) (Note 1)	52.72
Thousands Beauties	Interest in a controlled corporation, parties acting in concert (Note 3)	892,485,771 (L) (S) (Note 1)	52.72



## APPENDIX III

## GENERAL INFORMATION

Name of person/entity	Capacity	Number of Shares held/ interested	Approximate % of interest as at the Latest Practicable Date
Noble Stand	Interest in a controlled corporation, parties acting in concert <i>(Note 3)</i>	892,485,771 (L) (S) <i>(Note 1)</i>	52.72
Ms. Du Balong (杜寶龍)	Interest of spouse <i>(Note 4)</i>	892,485,771 (L) (S) <i>(Note 1)</i>	52.72
Ms. Chong Siew Hoong (張曉紅)	Interest of spouse <i>(Note 5)</i>	892,485,771 (L) (S) <i>(Note 1)</i>	52.72
Yunnan Provincial Energy Investment Group Co., Ltd	Having a security interest in shares <i>(Note 6)</i>	892,485,771 (L) <i>(Note 1)</i>	52.72
Yunnan Energy Investment (H K) Co. Limited	Having a security interest in shares <i>(Note 6)</i>	892,485,771 (L) <i>(Note 1)</i>	52.72
Yunnan International Supply Chain Limited	Having a security interest in shares <i>(Note 6)</i>	892,485,771 (L) <i>(Note 1)</i>	52.72
Yunnan International Holding Group Limited	Having a security interest in shares <i>(Note 6)</i>	892,485,771 (L) <i>(Note 1)</i>	52.72

*Notes:*

1. The letter “L” denotes long position in the Shares. The letter “S” denotes short position in the Shares.
2. As at the Latest Practicable Date, Explorer Rosy was owned by Great Proserons. Thousands Beauties and Noble Stand as to 80%, 10% and 10%, respectively. By virtue of the SFO, Great Prosperous is deemed to be interested in all the Shares held by Explorer Rosy.

3. As at the Latest Practicable Date, Explorer Rosy was owned by Great Prosperous, Thousands Beauties and Noble Stand as to 80%, 10% and 10%, respectively. Great Prosperous was wholly and beneficially owned by Mr. Huang Guanchao, while Thousands Beauties and Noble Stand were wholly and beneficially owned by Mr. Lim. As Mr. Huang Guanchao and Mr. Lim Tzea are deemed to be parties acting in concert pursuant to the SFO, by virtue of the SFO, each of Thousand Beauties and Noble Stand is deemed to be interested in all the Shares held by Explorer Rosy.
4. Ms. Du Balong (杜寶龍) is the spouse of Mr. Huang Guanchao, and is deemed to be interested in the Shares which are interested by Mr. Huang Guanchao under the SFO.
5. Ms. Chong Siew Hoong (張曉紅) is the spouse of Mr. Lim Tzea, and is deemed to be interested in the Shares which are interested by Mr. Lim Tzea under the SFO.
6. As at the Latest Practicable Date, 892,485,771 Shares were pledged in favour of Yunnan International Supply Chain Limited. According to the information available to the Company, Yunnan International Supply Chain Limited was wholly owned by Yunnan International Holding Group Limited, which in turn was owned as to approximately 40% by Yunnan Energy Investment (HK) Co. Limited. Yunnan Energy Investment (HK) Co. Limited is wholly owned by Yunnan Provincial Energy Investment Group Co. Ltd..

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) 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 were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required, pursuant to Part XV of the SFO or the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Share or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

**3. INTERESTS IN CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors was materially interested in contract or arrangement subsisting and which is significant in relation to the business of the Group.

**4. INTERESTS IN ASSETS**

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

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, there is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

**6. COMPETING INTERESTS**

Mr. Huang Guanchao, is the owner and director a Hong Kong-based global electronic components trading and distribution group, which supplies electronic components to customers including sizeable manufacturing groups and technology companies in the People's Republic of China (the "PRC") and the Southeast Asia.

Mr. Lim Tzea has been one of the key management personnel and one of the shareholders of an international trading company based in Singapore, being responsible for the management of the company's trading business (which include trading of electronic components products) in Singapore, Hong Kong, the PRC and Vietnam.

The above-mentioned Directors declare their interests in competing business and both Mr. Huang Guanchao and Mr. Lim Tzea are non-executive Directors, while they were not involved in the daily operations of the Group. To the best of the knowledge of the Directors, the Group is capable of carrying on its businesses independently.

Save as disclosed above, each of the other Directors has confirmed that so far as they are aware of, as at the Latest Practicable Date, none of the Directors nor any proposed Director or his/her respective close associates had any interest in any business, apart from the Group's business, which compete or is likely to compete, either directly or indirectly, with the Group's business.

**7. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge and belief, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

**8. QUALIFICATION AND CONSENT OF EXPERT**

<b>Name</b>	<b>Qualification</b>
Jones Lang LaSalle Limited	Professional valuer

- (i) The above expert had no shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group as at the Latest Practicable Date;
- (ii) As at the Latest Practicable Date, the above expert has given and has not withdrawn their written consent to the issue of this circular with the inclusion therein of their report and reference to their names in the form and context which they are included; and
- (iii) As at the Latest Practicable Date, the above expert had no direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2019, the date to which latest published audited financial statements of the Group were made up.

**9. MATERIAL CONTRACTS**

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

- (a) the sale and purchase agreement dated 28 August 2018 and entered into between Greatest Summit Limited (an indirect wholly-owned subsidiary of the Company) as vendor and Tsui Li as purchaser in relation to the disposal of Office Unit 1, 3rd Floor, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong for a total consideration of HK\$8,967,000;
- (b) the sale and purchase agreement dated 28 August 2018 and entered into between Greatest Maker Limited (an indirect wholly-owned subsidiary of the Company) as vendor and Tsui Li as purchaser in relation to the disposal of Office Unit 2, 3rd Floor, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong for a total consideration of HK\$5,733,000;
- (c) the sale and purchase agreement dated 28 August 2018 and entered into between Flying Century Limited (an indirect wholly-owned subsidiary of the Company) as vendor and Tsui Li as purchaser in relation to the disposal of Office Unit 3, 3rd Floor, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong for a total consideration of HK\$5,649,000;
- (d) the sale and purchase agreement dated 22 November 2018 and entered into between the Company as vendor and Silver Success Development Limited as purchaser in relation to the disposal of the entire issued share capital of Wealthy Harvest Enterprises Limited at a consideration of HK\$50,000,000, details of which are set out in the announcement of the Company dated 22 November 2018;
- (e) the sale and purchase agreement dated 17 June 2019 and entered into between Elegant Ocean Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and an individual, the vendor, in relation to the acquisition of a warehouse located at Unit A on 22nd Floor, Southeast Industrial Building, No. 611-619 Castle Peak Road, Tsuen Wan, the New Territories, Hong Kong for a total consideration HK\$12,600,000; and

- (f) the sale and purchase agreement dated 17 June 2019 and entered into between Billion Wealth Overseas Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and an individual, the vendor, in relation to the acquisition of a warehouse located at Unit B on 22nd Floor, Southeast Industrial Building, No. 611-619 Castle Peak Road, Tsuen Wan, the New Territories, Hong Kong for a total consideration HK\$15,200,000;
- (g) the Provisional S&P Agreement;
- (h) the Supplemental Agreement; and
- (i) the Formal Agreement.

#### **10. DOCUMENT AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) thereafter at the registered office of the Company at Room 301-3, F/F, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the two years ended 31 December 2018;
- (c) the announcement of the annual results of the Company for the year ended 31 December 2019 published by the Company on 26 March 2020;
- (d) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (e) the valuation report issued by the valuer, the text of which is set out in Appendix II to this circular;
- (f) the written consent referred to in the paragraph headed “8. Qualification and consent of expert” in this appendix;
- (g) the contracts referred to in the paragraph headed “9. Material contracts” in this appendix; and
- (h) this circular.

**11. MISCELLANEOUS**

- (a) The company secretary of the Company is Ms. Yip Tak Yung, Teresa, who is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Room 301-3, 3/F, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, Hong Kong.
- (d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.