

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **PanAsialum Holdings Company Limited**

**榮陽實業集團有限公司**

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

**(Stock Code: 2078)**

### **PROPOSED MANDATE IN RELATION TO POSSIBLE VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EGM**

**Financial Adviser to the Company**



---

A letter from the Board is set out on pages 5 to 16 of this circular.

A notice convening the EGM to be held at élan 220, 3<sup>rd</sup> Floor, L'hotel élan, 38 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 13 August 2020 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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

Please refer to page 1 of this circular for the measures to be implemented at the EGM by the Company against the epidemic to protect the attendees from the risk of infection of the Novel Coronavirus ("COVID-19"), including: (i) compulsory body temperature check; (ii) compulsory wearing of surgical face mask; and (iii) no distribution of corporate gifts and no serving of refreshments. Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company wishes to advise Shareholders that you may appoint the Chairman of the meeting as your proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

---

## CONTENTS

---

	<i>Page</i>
<b>PRECAUTIONARY MEASURES FOR THE EGM</b> .....	1
<b>DEFINITIONS</b> .....	2
<b>LETTER FROM THE BOARD</b> .....	5
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II – PROPERTY VALUATION REPORT</b> .....	II-1
<b>APPENDIX III – GENERAL INFORMATION</b> .....	III-1
<b>NOTICE OF EGM</b> .....	EGM-1

---

## PRECAUTIONARY MEASURES FOR THE EGM

---

### PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread (as per guidelines issued by the Hong Kong government at <https://www.chp.gov.hk/en/features/102742.html>), the Company will implement necessary preventive measures at the EGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including:

- (i) compulsory body temperature check will be conducted on every Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) attendees are required to prepare his/her own surgical face masks and wear the same inside the EGM venue at all times, and to maintain a safe distance between seats;
- (iii) appropriate seating arrangement and participants separation arrangement at the EGM venue pursuant to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap.599G of the Laws of Hong Kong) and in line with the guidance from the Hong Kong Government will be implemented; and
- (iv) no corporate gifts will be distributed and no refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions duly completed, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person.

The proxy form, which can also be downloaded from the Company's website (<http://www.palum.com/en/home.aspx>), is enclosed to this circular. If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

---

## DEFINITIONS

---

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

“Benchmark Land Price”	the estimated land value determined by the relevant PRC government authorities with reference to, among other things, types of land use zoning, location of land, valuation of land of similar classification and the price variation on the real estate market (基準地價);
“Board”	the board of Directors of the Company;
“Business Day(s)”	any day (other than a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business;
“Company”	PanAsialum Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, if thought fit, granting the Proposed Mandate to the Directors;
“Expected Compensation Amount”	the estimated compensation amount to be received by the Group of no less than RMB1.5 billion (equivalent to approximately HK\$1.65 billion) for the Proposed Disposal taking into account the Theoretical Minimum Bid Price, the standard calculation formula for the compensation, the market value of the Land as appraised by the Valuer and the prevailing market conditions;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong;
“Land”	land parcel with an aggregate area of 129,132 square metre located at No. 318 Zengcheng Avenue, Licheng Street, Zengcheng, Guangzhou, the PRC, the land use rights of which are held by the Group;

---

## DEFINITIONS

---

“Land Disposal Agreement”	the land disposal agreement to be entered into between the Group and the Planning and Natural Resources Bureau in relation to the Proposed Disposal;
“Latest Practicable Date”	24 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange;
“Planning and Natural Resources Bureau”	the Planning and Natural Resources Bureau* of the Guangzhou municipal government of the PRC (廣州市規劃和自然資源局);
“Plot Ratio”	the plot ratio to be determined by the Planning and Natural Resources Bureau for the Land;
“PRC”	the People’s Republic of China;
“Proposed Disposal”	the proposed disposal of the Land by the entering into of the Land Disposal Agreement with the Planning and Natural Resources Bureau;
“Proposed Mandate”	the mandate to be granted in advance to the Directors to enter into and complete the Proposed Disposal by the Shareholders at the EGM;
“Redevelopment Scheme”	the redevelopment scheme as announced by the Planning and Natural Resources Bureau in the PRC government notices on 28 February 2018 and 26 February 2020 respectively, relating to the rezoning of land for redevelopment in Zengcheng District, Guangzhou, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

---

## DEFINITIONS

---

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the issued Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Theoretical Minimum Bid Price”	the theoretical statutory minimum bid price of the Land amount to approximately RMB1,112.2 million, being 70% of the total Benchmark Land Price of the Land of approximately RMB1,588.6 million;
“Valuer” or “Knight Frank”	Knight Frank Petty Limited, an independent and professional qualified valuer; and
“%”	per cent.

\* For identification purpose only.

*For the purpose of this circular, unless otherwise stated, the exchange rate of HKD1.1 = RMB1.0 is for the purpose of illustration only and does not constitute a representation that any amounts in HKD and RMB have been, could have been or may be converted at such rate or any other exchange rate.*

---

LETTER FROM THE BOARD

---



**PanAsialum Holdings Company Limited**

**榮陽實業集團有限公司**

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

**(Stock Code: 2078)**

*Executive Directors:*

Ms. Li Jiewen (*Chief Executive Officer*)

Mr. Gao Mingjie

*Independent non-executive Directors:*

Mr. Mar Selwyn

Mr. Leung Ka Tin

Dr. Cheung Wah Keung

*(Independent Non-executive Chairman)*

Mr. Chan Kai Nang

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal place of business in Hong Kong:*

Unit 05, 17th Floor

Nanyang Plaza

57 Hung To Road

Kwun Tong, Kowloon

Hong Kong

29 July 2020

*To the Shareholders:*

Dear Sir/Madam,

**PROPOSED MANDATE IN RELATION TO  
POSSIBLE VERY SUBSTANTIAL DISPOSAL  
AND  
NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the Company's announcement dated 8 July 2020 in relation to the Proposed Disposal.

---

## LETTER FROM THE BOARD

---

On 8 July 2020, the Board resolved to dispose the Land by way of a public land auction under the Redevelopment Scheme. A Land Disposal Agreement will be entered into between the Group and the Planning and Natural Resources Bureau and the Proposed Disposal will then go through a public land auction process. The Group will be compensated by the Planning and Natural Resources Bureau from proceeds derived from the sale of the Land.

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal using the Expected Compensation Amount as the basis of calculation, if materialised, will constitute a very substantial disposal for the Group and is subject to announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Proposed Disposal and the Proposed Mandate; (ii) the valuation report in respect of the Land prepared by the Valuer; (iii) a notice of the EGM as set out on pages EGM-1 to EGM-2 of this circular; and (iv) other information required under the Listing Rules.

### THE PROPOSED DISPOSAL

The Group has intended to dispose the Land following the introduction of the Redevelopment Scheme and the Planning and Natural Resources Bureau has recently announced its intention to acquire the Land as part of an urban renewal project in the area. On 8 July 2020, the Board resolved to dispose the Land by way of a public land auction under the Redevelopment Scheme. It is proposed that the Group will conduct the Proposed Disposal by entering into the Land Disposal Agreement with the Planning and Natural Resources Bureau. Once the Group enters into the Land Disposal Agreement, the Land will subsequently be transferred to the Planning and Natural Resources Bureau and will then be disposed of in the aforementioned public land auction. The Group will be compensated by the Planning and Natural Resources Bureau and the actual compensation for the Proposed Disposal will depend on the highest bid received in the auction and is expected to be no less than the Expected Compensation Amount.

### INFORMATION OF THE LAND

The Land comprises land parcel with an aggregate area of 129,132 square metre located at No. 318 Zengcheng Avenue, Licheng Street, Zengcheng, Guangzhou, the PRC, the land use rights of which are held by the Group. The land use rights of the Land have been granted by the PRC government to the Group until 21 November 2050 and 11 April 2054 for commercial and industrial use respectively. As at the Latest Practicable Date, the Land is used for industrial purposes.

As at 31 December 2019, the fair value and carrying amount of the Land was HK\$516 million (approximately RMB474 million) and HK\$6.25 million (approximately RMB5.74 million) respectively. The fair value of the Land as at 31 December 2019 was appraised by the Valuer based on its existing use of land (i.e. industrial use) without taking into account any redevelopment potential under the Redevelopment Scheme.



---

## LETTER FROM THE BOARD

---

The Company has engaged an independent valuer, Knight Frank, to carry out a valuation on the Land. The Valuer has appraised the Land by adopting the estimated amount to be compensated as the market value of the Land. Based on the assumption that the Land will be acquired by the Planning and Natural Resources Bureau and changed to residential and commercial use, the market value of the Land and the compensation amount as appraised by the Valuer is approximately RMB1,558.0 million as at 31 May 2020. The valuation of the Land was conducted with reference to the development scheme of relevant comparable land transactions in the vicinity and estimated compensation amount according to the relevant PRC regulations, details of which are set out in Appendix II to this circular.

Upon completion of the Proposed Disposal, the Group will no longer hold any interests in the Land.

### MAJOR TERMS OF THE PROPOSED DISPOSAL

#### Procedure for the Proposed Disposal

Under the Proposed Disposal, the Land will be disposed of in a public land auction to be administered by the Planning and Natural Resources Bureau. As part of the Proposed Disposal, the Group will be required to remove all buildings erected on the Land once the Land Disposal Agreement is entered into. The Planning and Natural Resources Bureau will then appoint an authorised professional firm to simultaneously conduct a soil examination on the Land of which is expected to be completed within 180 days after the entering into of the Land Disposal Agreement. Upon completion of the site clearance and soil examination, the land use right of the Land will officially be transferred to the Planning and Natural Resources Bureau.

A public land auction will be held to auction off the Land and land auction notice will be published 30 days before the auction. The minimum bid price shall be determined by the Planning and Natural Resources Bureau with reference to, amongst others, applicable PRC laws and policies. Pursuant to the applicable PRC policy promulgated by the Planning and Natural Resources Bureau on 21 January 2020 which took effect on 1 February 2020, the minimum bid price or agreed disposal price shall be no less than 70% of the Benchmark Land Price (being the estimated land value determined by the relevant PRC government authorities with reference to, among other things, types of land use zoning, location of land, valuation of land of similar classification and the price variation on the real estate market). According to relevant publication as announced by the Planning and Natural Resources Bureau, the applicable Benchmark Land Price per square metre of the Land is RMB6,285 and RMB6,701 for residential and commercial use respectively. The total Benchmark Land Price of the Land is approximately RMB1,588.6 million, which is computed by multiplying the total expected gross floor area considering its expected future usage and the Benchmark Land Price. Based on the above assumptions, the Theoretical Minimum Bid Price (being 70% of the total Benchmark Land Price) shall be no less than RMB1,112.2 million and on the assumption that the final bid price is equivalent to the Theoretical Minimum Bid Price, the Group will receive a compensation of approximately RMB667 million from the Proposed Disposal. The actual minimum bid price shall be determined by the Planning and Natural Resources Bureau with reference to, amongst others, applicable PRC laws and policies.

---

## LETTER FROM THE BOARD

---

Following the auction of the Land, the highest bidder will enter into an agreement relating to the transfer of the land use right of the Land and complete all necessary registration procedures relating to the Land with the relevant government authorities. The above process is expected to take approximately two months to complete.

To the best of the Directors' knowledge and based on information currently available to the Directors, no connected person of the Company (including but not limited to the Directors and Easy Star Holdings Limited, being the controlling shareholder of the Company) will participate in the bidding of the Land.

### Consideration for the Proposed Disposal

The consideration to be received by the Group from the Proposed Disposal will be the compensation entitled by the Group from the Planning and Natural Resources Bureau under the Redevelopment Scheme. The compensation will be calculated based on the following formula and with reference to the Plot Ratio:

For the portion of the Land with Plot Ratio less than or equivalent to 2.0:

$$\frac{\text{Land area under the Redevelopment Scheme}}{\text{Total land area under redevelopment}} \times \frac{2}{\text{Plot Ratio}} \times \text{Final bid price of the Land} \times 60\%$$

For the portion of the Land with Plot Ratio above 2.0:

$$\frac{\text{Land area under the Redevelopment Scheme}}{\text{Total land area under redevelopment}} \times \frac{2}{\text{Plot Ratio}} \times \text{Final bid price of the Land} \times 60\%$$

+

$$\frac{\text{Land area under of the Redevelopment Scheme}}{\text{Total land area under redevelopment}} \times \frac{\text{Plot Ratio} - 2}{\text{Plot Ratio}} \times \text{Final bid price of the Land} \times 10\%$$

---

## LETTER FROM THE BOARD

---

The Group will receive the first tranche of compensation (being total compensation amount less contingent payment held for restoration purposes) for the Proposed Disposal within three months from the completion of (i) the transfer of the Land to the Planning and Natural Resources Bureau; (ii) the transfer of the Land to the highest bidder; and (iii) the soil examination and the corresponding evaluation report. The expected contingent costs would be approximately RMB38.7 million, which is computed based on approximately RMB300.0 per square metre multiplied by the registered area of the Land. The remaining compensation, after deducting any contingent costs incurred for land restoration purposes, will be released to the Group within one year from the fulfillment of the abovementioned conditions.

The Company has considered the expected compensation amount of approximately RMB1,558.0 million as appraised by the Valuer, the valuation methodology and calculation basis for arriving at the valuation. Based on the above compensation formula and the expected compensation amount as appraised by the Valuer, the Company expects the compensation amount from the Proposed Disposal to be approximately RMB1.5 billion on the assumption that approximately 126,000 square metre of the Land will be developed under the Redevelopment Scheme with a plot ratio of 3.0 by making reference to the relevant land comparable transactions in the vicinity and the expected length of time the Company will take to receive the compensation. In the unlikely event that the final bid price is equivalent to the Theoretical Minimum Bid Price, the Group will receive a compensation of approximately RMB667 million from the Proposed Disposal.

Should the Planning and Natural Resources Bureau fail to complete the public land auction process within one year from the date on which the Land is transferred, the Group is entitled to receive an initial advance payment of 60% of the Benchmark Land Price of the Land. The remaining compensation will be payable to the Group once the public land auction process is completed. It is envisaged that the Group will receive compensation in full for the Proposed Disposal approximately 12 months after the transfer of the land use right of the Land to the Planning and Natural Resources Bureau.

The exact compensation amount for the Proposed Disposal will be subject to the final bid price offered by the highest bidder in the public land auction and is expected to be no less than the Expected Compensation Amount. Hence, the Directors are unable to ascertain or determine the exact compensation amount to be received from the Planning and Natural Resources Bureau as at the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

### Expected timetable for the Proposed Disposal

It is expected that the Land Disposal Agreement will be entered into within one month after the Proposed Mandate has been obtained from the Shareholders at the EGM and the transfer of land use right of the Land to the Planning and Natural Resources Bureau is expected to take place by the end of 2020. The expected timetable below was prepared on the basis that the Land Disposal Agreement will be entered into on or before 31 August 2020 and is for illustrative purposes only.

Event	Expected Amount (assuming the actual compensation to be received by the Group to be equivalent to RMB1,500 million) (RMB)	Expected Amount (assuming the final bid price to be equivalent to the Theoretical Minimum Bid Price) (RMB)	Expected Date
-------	---	---	---------------

#### Scenario 1: –

**In the event that the land auction is conducted by the Planning and Natural Resources Bureau within one year from the date on which the Land is transferred to the Planning and Natural Resources Bureau.**

Receipt of first tranche of compensation (being total compensation amount less contingent payment held for restoration purposes) from the Proposed Disposal, assuming that the Company has fulfilled all the necessary conditions contemplated under the Land Disposal Agreement	1,461 million	628 million	On or before 31 August 2021
Receipt of second tranche of compensation (being the remaining amount after deducting the contingent payment incurred, if any)	no more than 39 million	no more than 39 million	On or before 30 April 2022

#### Scenario 2: –

**In the event that the land auction is not conducted by the Planning and Natural Resources Bureau within one year from the date on which the Land is transferred to the Planning and Natural Resources Bureau.**

Payment of initial advance payment of compensation (60% of the Benchmark Land Price <sup>(Note i)</sup> ) from the Planning and Natural Resources Bureau	953 million	N/A <sup>(Note ii)</sup>	On or before 28 February 2022
--	-------------	--------------------------	----------------------------------

---

## LETTER FROM THE BOARD

---

Event	Expected Amount (assuming the actual compensation to be received by the Group to be equivalent to RMB1,500 million) (RMB)	Expected Amount (assuming the final bid price to be equivalent to the Theoretical Minimum Bid Price) (RMB)	Expected Date
Receipt of remaining compensation amount (being the total compensation amount after deducting the initial advance payment of compensation and the contingent payment incurred, if any)	no more than 547 million	N/A <sup>(Note ii)</sup>	Approximately three to six months from the completion of land auction

*Notes:*

- (i) Assuming that the actual compensation to be received by the Group to be RMB1,500 million and total Benchmark Land Price of the Land is approximately RMB1,588 million. As advised by the Zengcheng District Land Development Reserve Centre\* (增城區土地開發儲備中心), the actual minimum bid price will normally be set higher than the Benchmark Land Price.
- (ii) As advised by the Company's PRC legal advisor, there is no precedent that the initial advance compensation amount exceeds the compensation amount based on the final bid price.

### INFORMATION OF THE REDEVELOPMENT SCHEME

The Redevelopment Scheme relating to the rezoning of land for redevelopment in Zengcheng District, Guangzhou, the PRC was announced by the Planning and Natural Resources Bureau on 28 February 2018 and 26 February 2020.

As advised by the PRC legal advisor of the Company, the applicable laws and regulations relating to the Redevelopment Scheme include, among others:

- (i) The Land Administration Law of the PRC\* (《中華人民共和國土地管理法》);
- (ii) Measures on Land Reserve Administration of the PRC\* (《中華人民共和國土地儲備管理辦法》);
- (iii) Provisional Regulations of the PRC on Assigning and Transferring of the Urban State-owned Land Use Rights\* (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》);
- (iv) Rules of Public Tender, Auction and Listing of State-owned Construction Land Use Rights\* (《招標拍賣掛牌出讓國有建設用地使用權規定》);
- (v) Guangzhou Urban Renewal Regulations\* (《廣州市城市更新辦法》);

---

## LETTER FROM THE BOARD

---

- (vi) Guangzhou Old Factories Renewal Regulations\* (《廣州市舊廠房更新實施辦法》);
- (vii) Guangzhou Land Reserve Administration Regulations\* (《廣州市土地儲備管理辦法》);
- (viii) The Implementation Guidance on the Three Old Transformation\* (《關於深入推進“三舊”改造工作的實施意見》);
- (ix) Notice of the Guangzhou Municipal Government of the PRC General Office on the Implementation Rules of Urban Renewal Work in Guangzhou\* (《廣州市人民政府辦公廳關於印發廣州市深入推進城市更新工作實施細則的通知》); and
- (x) The Implementation Guidance of the Guangzhou Municipal Government of the PRC General Office on Promoting the Saving and Intensive Use of Land\* (《廣州市人民政府關於提升城市更新水準促進節約集約用地的實施意見》).

### REASONS AND BENEFITS OF THE PROPOSED DISPOSAL

The Planning and Natural Resources Bureau announced that certain areas in Zengcheng District, Guangdong Province of the PRC have been rezoned for redevelopment in late February 2018 and the Land is located within that area. In February 2020, the Planning and Natural Resources Bureau further announced its intention to acquire the Land for urban renewal projects in Zengcheng District. The Group has since commenced the relocation of its manufacturing facilities from Zengcheng to other manufacturing sites of the Group in the PRC and is halfway through its relocation process, which is expected to be completed by the end of 2020.

The Board is of the view that the Proposed Disposal provides an excellent opportunity for the Group to realize the value of the Land in a public land auction under the Redevelopment Scheme. Considering the expected proceeds from the Proposed Disposal and the potential unaudited capital gain from the Proposed Disposal, the Board is of the view that the Group's financial position will be greatly strengthened and the proceeds will provide the Group with additional working capital for its future business development. Given that the Group has been relocating its equipment and machinery and diverting its orders to its manufacturing facility in Nanyang which has sufficient production capacity, the Company is of the view that the Proposed Disposal will have no material effect on the Group's business and operations.

The Board is of the view that the following appropriate measures are in place to safeguard the interests of the Group and its Shareholders as a whole for the Proposed Disposal:

- a. the major terms and procedures in relation to the Proposed Disposal, including but not limited to, the procedures for the public land auction have been fixed and duly disclosed in this circular to ensure that the Shareholders and potential investors can make an informed decision on the Proposed Disposal;

---

## LETTER FROM THE BOARD

---

- b. a minimum bid price shall be determined by the Planning and Natural Resources Bureau with reference to, amongst others, applicable PRC laws and policies currently in force. It is expected that the actual compensation to be received by the Group will be no less than the compensation amount based on the Theoretical Minimum Bid Price for the Proposed Disposal. This ensures that the Group would be protected against any unfavourable bidding results which might not be in the interest of the Group and its Shareholders as a whole; and
- c. the Proposed Mandate would be subject to Shareholders' approval.

Based on the factors mentioned above, the Board is of the view that the terms of the Proposed Disposal are fair and reasonable and are on normal commercial terms, and the Proposed Disposal is in the interest of the Group and the Shareholders as a whole.

### USE OF PROCEEDS AND FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

The Group expects to record a net gain of at least approximately RMB1.39 billion (equivalent to approximately HK\$1.53 billion) from the Proposed Disposal, which is estimated based on the Expected Compensation Amount less the carrying amounts of the Land and the expenses directly attributed to it (including the estimated costs for the removal work on the Land to be approximately RMB30 million (equivalent to approximately HK\$33 million)). The actual gain from the Proposed Disposal will be determined based on the actual compensation amount to be received by the Group, and there will be no material impact on the total liabilities of the Group.

It is expected that the net proceeds from the Proposed Disposal will be approximately RMB1.40 billion, which will be used in the following manner: (i) approximately RMB900 million will be used for the repayment of bank loans and other borrowings of the Group (comprising bank borrowings in the principal amount of approximately RMB643 million with maturity dates of approximately 2 to 3.5 years from the Latest Practicable Date and other borrowings in the principal amount of approximately RMB257 million with maturity dates of approximately 1 to 1.5 year from the Latest Practicable Date), which is expected to be settled within one month upon completion of the Proposed Disposal; (ii) approximately RMB120 million will be reserved for potential investment opportunities aimed to geographically expand its production capacity and distribution network as and when suitable opportunities arise; and (iii) approximately RMB380 million will be utilised as general working capital of the Group for the manufacturing and production of aluminium products, approximately RMB100 million of which will be used for the purchasing of raw material and the remainder will be reserved for other future operating expenses, as and when required. As at the Latest Practicable Date, the Company is currently identifying suitable investment opportunities and will keep the Shareholders informed of the progress as and when appropriate. In the unlikely event that the final bid price is equivalent to the Theoretical Minimum Bid Price, the Group will record a net gain of at least approximately RMB562 million (equivalent to approximately HK\$618 million) from the Proposed Disposal. On this basis, the net proceeds from the Proposed Disposal will be approximately RMB567 million and will be used for the repayment of bank loans and other borrowings of the Group.

---

## LETTER FROM THE BOARD

---

### INFORMATION OF THE GROUP

The Group is one of PRC's leading manufacturers of aluminium products. The Group focuses on three segments including: (i) aluminium components for electronics and appliances; (ii) construction and industrial products; and (iii) high-end aluminium doors and windows.

### INFORMATION OF THE PLANNING AND NATURAL RESOURCES BUREAU

The Planning and Natural Resources Bureau, a PRC Governmental Body (which has the same meaning as ascribed thereto under Rule 19A.04 of the Listing Rules), is responsible for, among other things, the planning, reviewing, executing and monitoring of the city redevelopment policies and schemes in Guangzhou, the PRC. The Planning and Natural Resources Bureau will assign a local representative to enter into the Land Disposal Agreement with the Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Planning and Natural Resources Bureau and its local representative are third parties independent of and not connected with any member of the Group, the directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates (within the meaning of the Listing Rules) and are not connected persons of the Company.

### VALUATION OF THE LAND

The Company has appointed Knight Frank Petty Limited, an independent professional valuer, to appraise the Land. The valuation report is set out in Appendix II to this circular.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is facing challenges arising from the COVID-19 pandemic that are unprecedented in terms of seriousness and extent. As a result of the COVID-19 pandemic, the Group's production was disrupted in the beginning of 2020 due to a short period of work suspension as a precautionary measure imposed by the PRC government. The macro-economic outlook is marked by exceptional uncertainties related to COVID-19 pandemic and of the measures taken by the PRC authorities.

As mentioned in the above section headed "Reasons and benefits of the Proposed Disposal", the Group has commenced relocating its manufacturing facilities from Zengcheng to other manufacturing sites of the Group in the PRC since the Planning and Natural Resources Bureau announced its intention to acquire the Land in February 2020.

Going forward, despite the uncertainties surrounding the ongoing COVID-19 pandemic, the Group will continue to develop its business cautiously and expand its production capabilities, putting an emphasis on overseas sales to improve its gross profit margin.



---

## LETTER FROM THE BOARD

---

### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal, using the Expected Compensation Amount as the basis of calculation, if materialised, will constitute a very substantial disposal of the Group and is subject to announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

An additional announcement disclosing all major terms of the Proposed Disposal will be published as soon as possible upon the entering into of the Land Disposal Agreement as required under Chapter 14 of the Listing Rules.

### EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to be held at élan 220, 3<sup>rd</sup> Floor, L'hotel élan, 38 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 13 August 2020 at 3:00 p.m.

At the EGM, ordinary resolution(s) for approving the Proposed Disposal and the Proposed Mandate will be proposed for the Shareholder's approval. The Proposed Mandate shall remain valid for one month from the date of approval by the Shareholders at the EGM.

The resolution(s) will be voted by way of poll at the EGM. As at the Latest Practicable Date, no Shareholder has material interest in the Proposed Disposal and the Proposed Mandate (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

---

## LETTER FROM THE BOARD

---

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 August 2020 to Thursday, 13 August 2020, both day inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the EGM. In order to be entitled to attend and vote at the EGM, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 6 August 2020.

### RECOMMENDATIONS

The Directors are of the view that the terms of Land Disposal Agreement and the Proposed Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) as set out in the notice of the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of EGM.

Yours faithfully,  
For and on behalf of  
**PanAsialum Holdings Company Limited**  
**Cheung Wah Keung**  
*Independent Non-executive Director and*  
*Independent Non-executive Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the published financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019 were disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.palum.com/tc/IRFinancialReports.aspx>).

- Annual report of the Company for the year ended 31 December 2019 (pages 44 to 134)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051401150.pdf>
- Annual report of the Company for the year ended 31 December 2018 (pages 46 to 136)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/lt201904292052.pdf>
- Annual report of the Company for the year ended 31 December 2017 (pages 48 to 124)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0706/lt20180706820.pdf>

**2. INDEBTEDNESS STATEMENT OF THE GROUP**

As at the close of business on 31 May 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group amounted to approximately HK\$1,552 million, which comprised:

- (i) bank and other borrowings of approximately HK\$1,310 million, which were secured by (a) guarantees of the Company and/or certain subsidiaries of the Group; (b) guarantees of the former executive directors of the Company; (c) guarantees of directors of PRC subsidiaries of the Group; (d) guarantees of two state-owned enterprises of the PRC; (e) pledge of the Group's certain property, plant and equipment and/or right-of-use assets; (f) pledge of the Group's certain inventories; (g) pledge of the Group's certain account receivables; and (h) pledge of the Group's certain bank deposits;
- (ii) unsecured other borrowings of approximately HK\$219 million; and
- (iii) lease liabilities of approximately HK\$23 million.

Save as disclosed above, the Group did not have any debt securities, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills and payables) or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 May 2020.

**3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available, including internally generated funds, the present banks and other facilities, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirmed that there was no 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 consolidated financial statements of the Group have been made) up to the Latest Practicable Date.

**5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP**

There will be no change to the principal business of the Group as a result of the Proposed Disposal. Upon the completion of the Proposed Disposal, the Group will continue to be principally engaged in the manufacturing and trading of aluminium products. Set out below is the management discussion and analysis of the Group for each of the years ended 31 December 2017 (“FY2017”), 31 December 2018 (“FY2018”) and 31 December 2019 (“FY2019”). The financial information in respect of the Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the relevant financial years which are available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.palum.com/tc/IRFinancialReports.aspx>).

**(a) FY2019**

During FY2019, the Group’s revenue amounted to approximately HK\$1,717 million (FY2018: HK\$1,642 million).

The Group’s attributable to the owners of the Company for FY2019 was a loss of approximately HK\$496 million (FY2018: HK\$233 million). The increase in loss position was mainly attributable to: (i) a decrease in gross profit contribution; (ii) higher finance cost from borrowings associated with the Group’s on-going expansion; (iii) an increase in employee benefit expense and severance payment which was caused by a reduction of the number of employees so as to improve the efficiency and productivity of the Company; and (iv) an increase in operating expenses because of the relocation of the Company’s production facilities which decreased the efficiency of the labour and machines in the beginning period.

***Funding and treasury policy***

The Group’s funding and treasury policy intended to sustain a diversified and balanced debt and financing structure. The Group endeavoured to monitor its cash flow position and debt, and to improve the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group’s operations and growth plans, the Group had built a solid base of funding resources and would keep exploring cost-efficient ways of financing.

***Operating segment information***

During FY2019, the Group mainly derived its revenue from three product segments, namely (i) electronics parts; (ii) construction and industrial products; and (iii) door and window frames systems.

The electronics parts segment contributed approximately HK\$408 million to the total revenue of the Group, representing a decrease of 43% as compared with HK\$717 million for FY2018.

The construction and industrial products segment contributed approximately HK\$1,218 million to the total revenue of the Group, representing an increase of 54% as compared with HK\$789 million for FY2018.

The door and window frames system segment contributed approximately HK\$91 million to the total revenue of the Group, representing a decrease of 33% as compared with HK\$136 million for FY2018.

***Liquidity and financial resources***

As at 31 December 2019, the Group had total assets of approximately HK\$2,160 million and liabilities of approximately HK\$1,917 million.

***Cash position***

As at 31 December 2019, the Group's cash and cash equivalents were approximately HK\$15.9 million.

***Borrowings and gearing ratio***

As at 31 December 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK\$243.2 million. The Group had HK\$47.9 million pledged bank deposits, interest-bearing borrowings of HK\$1,533.9 million denominated in RMB which carried interest at fixed rates, and no obligation under finance leases. The Group's gearing ratio, calculated on the basis of the net debt (being the interest-bearing borrowings plus obligation under finance leases less cash and cash equivalents) as a percentage of total equity attributable to owners of the Company plus net debt, was approximately 86%.

***Charges on assets***

As at 31 December 2019, the Group had HK\$259 million of land use rights, HK\$23 million of buildings, HK\$115 million of plant and machinery, HK\$45 million of trade receivables, HK\$219 million of inventories and HK\$45 million of bank deposits of the Group were pledged as security for the Group's borrowings.

***Capital commitments***

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 31 December 2019 amounted to approximately HK\$246 million, which was mainly related to the acquisition of machineries in the PRC.

***Capital structure***

As at 31 December 2019, the Company's issued share capital was HK\$120,000,000 divided into 1,200,000,000 shares of HK\$0.1 each.

***Contingent liabilities***

As at 31 December 2019, the Group did not have any contingent liabilities.

***Foreign exchange and other risk***

The Group continued to receive Australian Dollar ("AUD"), United States Dollar ("USD") and RMB from the sales to major customers during FY2019, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of HKD against RMB may have impact on the Group's results. Currently, the Group had not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of AUD and RMB may have an impact on the operating results of the Group.

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. During FY2019, the Group had not entered into any instruments in order to mitigate the risk arising from fluctuations in aluminium price. Any change in aluminium price could affect the Group's financial performance.

*Significant investments and material acquisitions and/or disposals*

On 6 June 2019, PanAsia Aluminium Limited (a wholly-owned subsidiary of the Company) entered into the investment agreement (the “**Investment Agreement**”) with the People’s Government of Heshan City of Jiangmen, Guangdong Province, the PRC (the “**Heshan City Government**”), pursuant to which the Heshan City Government agreed to carry out an open tender in respect of the land use right of a parcel of land (the “**Land Use Right**”) situated in the Heshan City, Jiangmen, Guangdong Province area in the PRC (the “**Target Lands**”). The Group conditionally agreed and intends to acquire the Land Use Right in three phases through the open tender.

On 26 February 2020, PanAsia Enterprises (Jiangmen) Company Limited (a wholly-owned subsidiary of the Company established in the PRC) had succeeded in bidding of the land use right of phase 1 of the Target Lands which consists of a site area of approximately 133,332.99 square metres through the open tender at the consideration of RMB46 million.

Details of the above transactions are set out in the announcements of the Company dated 6 June 2019 and 3 March 2020.

Save as disclosed above, the Group did not have any significant investment, material acquisition and disposal during FY2019.

*Future plans for material investments and capital assets*

During FY2019, the Group entered into the Investment Agreement with the Heshan City Government and established a new wholly-owned subsidiary (i.e. PanAsia Enterprises (Jiangmen) Company Limited) and estimated that an aggregate of RMB1.05 billion will be invested in phase 1 to develop the production base for production of high performance and high precision aluminium products. As at 31 December 2019, the Group invested RMB12,256,000.

Save as disclosed above, the Group did not have any future plan for material investments or addition of capital assets during FY2019.

*Staff and remuneration policy*

As at 31 December 2019, the Group employed approximately 2,700 staff. The Group’s remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During FY2019, the Group incurred staff costs (including Directors’ emoluments) of HK\$351 million.

**(b) FY2018**

During FY2018, the Group's revenue amounted to approximately HK\$1,642 million (FY2017: HK\$1,779 million).

The Group's attributable to the owners of the Company for FY2018 was a loss of approximately HK\$233 million (FY2017: HK\$156 million). The increase in loss position was mainly attributable to: (i) the unexpected depreciation of the AUD against HKD during FY2018, affecting the performance of the Group's export sales to the Australian market; (ii) a decrease in sales of high margin electronic parts; and (iii) the cost of the Company's resumption of trading in 2018.

***Funding and treasury policy***

The Group's funding and treasury policy intended to sustain a diversified and balanced debt and financing structure. The Group endeavoured to monitor its cash flow position and debt, and to improve the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations and growth plans, the Group had built a solid base of funding resources and would keep exploring cost-efficient ways of financing.

***Operating segment information***

During FY2018, the Group mainly derived its revenue from three product segments, namely (i) electronics parts; (ii) construction and industrial products; and (iii) branded OPLV Products.

The electronics parts segment contributed approximately HK\$717 million to the total revenue of the Group, representing a decrease of 21% as compared with HK\$903 million for FY2017.

The construction and industrial products segment contributed approximately HK\$789 million to the total revenue of the Group, representing an increase of 13% as compared with HK\$698 million for FY2017.

The branded OPLV Products segment contributed approximately HK\$136 million to the total revenue of the Group, representing a decrease of 24% as compared with HK\$178 million for FY2017.



***Liquidity and financial resources***

As at 31 December 2018, the Group had total assets of approximately HK\$2,090.6 million and liabilities of approximately HK\$1,345.7 million.

***Cash position***

As at 31 December 2018, the Group's cash and cash equivalents were approximately HK\$22.7 million.

***Borrowings and gearing ratio***

As at 31 December 2018, the Group's total equity attributable to owners of the Company amounted to approximately HK\$744.9 million. The Group had HK\$3.6 million pledged bank deposits, interest-bearing borrowings of HK\$887.5 million denominated in RMB which carried interest at fixed rates, and obligation under finance leases of HK\$0.1 million denominated in HKD. The Group's gearing ratio, calculated on the basis of the net debt (being the interest-bearing borrowings plus obligation under finance leases less cash and cash equivalents) as a percentage of total equity attributable to owners of the Company plus net debt, was approximately 54%.

***Charges on assets***

As at 31 December 2018, the Group had HK\$269.5 million of land use rights, HK\$25.1 million of buildings, HK\$127.3 million of plant and machinery and HK\$112.0 million of trade receivables of the Group were pledged as security for the Group's borrowings.

***Capital commitments***

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 31 December 2018 amounted to approximately HK\$279 million, which was mainly related to the acquisition of machineries in the PRC.

***Capital structure***

As at 31 December 2018, the Company's issued share capital was HK\$120,000,000 divided into 1,200,000,000 shares of HK\$0.1 each.

***Contingent liabilities***

As at 31 December 2018, the Group did not have any contingent liabilities.

***Foreign exchange and other risk***

The Group continued to receive AUD, USD and RMB from the sales to major customers during FY2018, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of HKD against RMB may have impact on the Group's results. Currently, the Group had not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of AUD and RMB may have an impact on the operating results of the Group.

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. During FY2018, the Group had not entered into any instruments in order to mitigate the risk arising from fluctuations in aluminium price. Any change in aluminium price could affect the Group's financial performance.

***Significant investments and material acquisitions and/or disposals***

On 7 December 2018, the Group entered into a sales and purchase agreement to dispose of its entire equity interest in OPLV (Nanyang) Doors and Windows Systems Co., Ltd (collectively, the "OPNY") to an independent third party with a cash consideration of RMB5 million. The profit from the sale was approximately HK\$33 million.

Details of the above transactions are set out in the announcements of the Company dated 28 December 2017, 19 January 2018, 29 March 2018, 14 May 2018, 24 August 2018, 26 October 2018 and 7 December 2018.

Save as disclosed above, the Group did not have any significant investment, material acquisition and disposal during FY2018.

***Future plans for material investments and capital assets***

The Group did not have any future plan for material investments or addition of capital assets during FY2018.

***Staff and remuneration policy***

As at 31 December 2018, the Group employed approximately 2,900 staff. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During FY2018, the Group incurred staff costs (including Directors' emoluments) of HK\$306 million.

**(c) FY2017**

During FY2017, the Group's revenue amounted to approximately HK\$1,779 million (for the year ended 31 December 2016 ("FY2016"): HK\$2,236 million).

The Group's attributable to the owners of the Company for FY2017 was a loss of approximately HK\$156 million (FY2016: HK\$232 million). The improvement in loss position was mainly attributable to: (i) difference in the period cover under the two financial years; (ii) significant increase in exchange gain arising from appreciation of AUD against HKD; (iii) significant decrease in staff costs; and (iv) absence of the write-down of trade receivables from former Australian customers of the Group for FY2017.

***Funding and treasury policy***

The Group's funding and treasury policy intended to sustain a diversified and balanced debt and financing structure. The Group endeavoured to monitor its cash flow position and debt, and to improve the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations and growth plans, the Group had built a solid base of funding resources and would keep exploring cost-efficient ways of financing.

***Operating segment information***

During FY2017, the Group mainly derived its revenue from three product segments, namely (i) electronics parts; (ii) construction and industrial products; and (iii) branded OPLV Products.

The electronics parts segment contributed approximately HK\$903 million to the total revenue of the Group, representing a decrease of 21% as compared with HK\$1,141 million for FY2016.

The construction and industrial products segment contributed approximately HK\$698 million to the total revenue of the Group, representing a decrease of 13% as compared with HK\$805 million for FY2016.

The branded OPLV Products segment contributed approximately HK\$178 million to the total revenue of the Group, representing a decrease of 39% as compared with HK\$290 million for FY2016.

***Liquidity and financial resources***

As at 31 December 2017, the Group had total assets of approximately HK\$2,473.0 million and liabilities of approximately HK\$1,474.4 million.

***Cash position***

As at 31 December 2017, the Group's cash and cash equivalents were approximately HK\$26.3 million.

***Borrowings and gearing ratio***

As at 31 December 2017, the Group's total equity attributable to owners of the Company amounted to approximately HK\$998.5 million. The Group had pledged bank deposits of HK\$8.0 million, interest-bearing borrowings of HK\$874.8 million denominated in RMB which carried interest at fixed rates, and obligation under finance leases of HK\$3.6 million denominated in RMB and HKD. The Group's gearing ratio, calculated on the basis of the net debt (being the interest-bearing borrowings plus obligation under finance leases less cash and cash equivalents) as a percentage of total equity attributable to owners of the Company plus net debt, was approximately 46%.

***Charges on assets***

As at 31 December 2017, the Group had HK\$289.6 million of land use rights, HK\$29.1 million of buildings, HK\$86.1 million of plant and machinery and HK\$199.8 million of trade receivables of the Group were pledged as security for the Group's borrowings.

***Capital commitments***

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 31 December 2017 amounted to approximately HK\$311 million, which was mainly related to the acquisition of machineries in the PRC.

***Capital structure***

As at 31 December 2017, the Company's issued share capital was HK\$120,000,000 divided into 1,200,000,000 shares of HK\$0.1 each.

***Contingent liabilities***

As at 31 December 2017, the Group did not have any contingent liabilities.

*Foreign exchange and other risk*

The Group continued to receive AUD, USD and RMB from the sales to major customers during FY2017, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of HKD against RMB may have impact on the Group's results. Currently, the Group had not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of AUD and RMB may have an impact on the operating results of the Group.

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. During FY2017, the Group had not entered into any instruments in order to mitigate the risk arising from fluctuations in aluminium price. Any change in aluminium price could affect the Group's financial performance.

*Significant investments and material acquisitions and/or disposals*

On 28 December 2017, PanAsia Aluminium (Hong Kong) Limited and PanAsia Trading Limited (which are wholly-owned subsidiaries of the Company) as the vendors, the purchasers, which are companies beneficially owned by Ms. Shao Liyu ("**Ms. Shao**"), and Ms Shao entered into the agreement, pursuant to which the vendors conditionally agreed to sell and the purchasers conditionally agreed to purchase the shares of OPNY and OPLV Architectural Design Pty Ltd ("**OPAD**"). The vendors shall also procure the accounts receivable to be transferred or assigned to the purchasers, all at an aggregate consideration of RMB20 million.

On 14 May 2018, the parties to the agreements agreed to extend the long stop date to 28 October 2018 since additional time is required to prepare and finalise the circular to the Shareholders in relation to the disposal.

The agreement was withdrawn as the resolutions proposed at the extraordinary general meeting were not passed by way of poll on 26 October 2018.

Details of the above transactions are set out in the announcements of the Company dated 28 December 2017, 19 January 2018, 29 March 2018, 14 May 2018 and 26 October 2018.

Save as disclosed above, the Group did not have any significant investment, material acquisition and disposal during FY2017.

*Future plans for material investments and capital assets*

The Group did not have any future plan for material investments or addition of capital assets during FY2017.

*Staff and remuneration policy*

As at 31 December 2017, the Group employed approximately 3,800 staff. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During FY2017, the Group incurred staff costs (including Directors' emoluments) of HK\$406 million.

*The following is the full text of the letter and the Property Valuation Report, prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with its valuation as at 31 May 2020 of the Property.*

Board of Directors  
PanAsialum Holdings Company Limited  
Unit 05, 17th Floor  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

29 July 2020

Dear Sirs

**Valuation of a parcel of land located at No. 318 Zengcheng Avenue, Licheng Street, Zengcheng, Guangzhou, Guangdong Province, The People’s Republic of China (The “Property”)**

In accordance with your instructions for us to value the property owned by PanAsialum Holdings Company Limited and its subsidiary (the “**Company**”), in the People’s Republic of China (the “**PRC**”), we confirm that we have made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 May 2020 (the “**Valuation Date**”).

**Basis of Valuation**

In arriving at our opinion of market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation – Global Standards 2020” issued by The Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, market value is defined 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.”

Market value is understood as the value of an asset or liability estimated without regard to the seller’s costs of sale or the buyer’s cost of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.



Knight Frank  
4/F, Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

### Valuation Methodology

According to the announcement of “增城區2020年第一批城市更新項目實施方案批前公示” issued by the Guangzhou Municipal Planning and Natural Resources Bureau Zengcheng Branch dated 26 February 2020 (the “**Announcement**”), the Government is intended to resume the Property and the Company will be compensated accordingly. Pursuant to the Announcement, the Property has been valued under the assumption that the Property will be resumed by the Government and changed to residential and commercial uses. We have thus, valued the Property by adopting the estimated amount to be compensated (“**Compensation Amount**”) as the market value of the Property according to the relevant rules and regulations published by the Government and the draft Agreement on Resumption of the State-owned Land Use Rights (the “**Agreement**”) (details of which are contained in the ensuing section (Notes 3 and 7) of this report). Consequently, valuation of the Property was implemented on a critical assumption that the Agreement will be entered and honored by the signing parties according to be contracted conditions contained therein and the relevant compensation regulations. The relevant critical assumptions and the relevant legal opinions on the issue are contained in the ensuing sections (critical assumptions refer to Notes 3 and 8 and legal opinions refer to Note 10) of this report.

In valuing the market value of the Property, we have valued the Property on the basis that this Property will be developed and completed in accordance with the development proposal which is formulated by making reference to development scheme of relevant land comparable transactions in the vicinity. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving at our opinion of value, we have adopted the Market Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

Market Approach is the most common and reliable valuation approach for valuing property by referencing to market comparable transactions of similar property. The rationale of this method is to directly relate the market comparable transactions with the subject property to determine the market rate. Adjustments will be applied to the said comparable transactions to adjust for differences between the subject property and the comparable transactions.

### Title Documents and Encumbrances

We have been provided with copies of extracts of title documents relating to the Property. However, we have not inspected the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied on the information provided by the Company and its PRC legal advisor, Shanghai AllBright (Shenzhen) Law Offices, regarding the title of the Property and the calculation method as stipulated by relevant rules and regulations.

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



**Source of Information**

We have accepted advice given by the Company and/or its PRC legal advisor on such matters as identification of the Property, statutory notices, tenure, ownership, building age, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the Property and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Company that no material facts have been omitted from the information provided.

**Inspection and Structural Condition**

We have inspected the Property by Wayne Luo in September 2019. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

**Identity of Property to be Valued**

We have exercised reasonable care and skill to ensure that the Property, identified by the property addresses in your instructions, are the Property inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

**Ground Condition**

We have assumed that there is no unidentified adverse ground or soil conditions and the load bearing qualities of the site of the Property are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuations are prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

**Environmental Issues**

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

**Compliance with Relevant Ordinances and Regulations**

We have assumed that the subject development had been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that for any use of the Property upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

**Potential Risk Factor**

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased complexity in international trade tensions, geopolitics, the recent regional health issue of outbreak of Novel Coronavirus is expected in fluctuations in real estate market. It must be recognised the regional health problem, changes in policy direction, mortgage requirements, international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical changes or other unexpected incidents after the valuation date may affect the value of the property.

**Remark**

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2017 Edition published by the Hong Kong Institute of Surveyors.

**Currency**

Unless otherwise stated, all sums stated in our valuation are in Renminbi.

Our valuation report is attached.

Yours faithfully  
For and on behalf of  
Knight Frank Petty Limited

**Clement W M Leung** MFin MCIREA MHKIS MRICS RPS (GP)  
RICS Registered Valuer  
Executive Director, Head of China Valuation & Advisory

*Remarks: Clement W M Leung MFin MCIREA MHKIS MRICS RPS (GP), RICS Registered Valuer, is a qualified valuer who has 27 years of experiences in property valuation and consultancy services in Asia Pacific region, including the People's Republic of China, Hong Kong, Macau, Vietnam, London, New York and San Francisco, and has been participating in various corporate valuation projects in the People's Republic of China and Hong Kong.*

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2020												
A parcel of land located at No. 318 Zengcheng Avenue, Licheng Street, Zengcheng, Guangzhou, The People's Republic of China	<p>The Property comprises a parcel of land with site area of approximately 129,132.00 sq m. There are existing 21 blocks of buildings including office, industrial, dormitory, carpark and warehouse uses that varies between 1-storey to 5-storey erected on the Property with a total gross floor area ("GFA") of 83,357.94 sq m.</p> <p>According to the Announcement, the Government is intended to resume the Property and the Company will be compensated accordingly. We have assessed the Compensation Amount based on the Agreement. The proposed development of the Property is a residential and commercial composite development with a total GFA of approximately 378,398.00 sq m (Please see Note 3). Details of the GFA for the proposed development are summarized as follow:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Proposed GFA</b></th> </tr> <tr> <th colspan="2" style="text-align: center;"><i>(sq m)</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Residential</td> <td style="text-align: right;">359,478.10</td> </tr> <tr> <td style="text-align: left;">Commercial</td> <td style="text-align: right;">11,351.94</td> </tr> <tr> <td style="text-align: left;">Ancillary</td> <td style="text-align: right;"><u>7,567.96</u></td> </tr> <tr> <td style="text-align: left;">Total</td> <td style="text-align: right;"><u><u>378,398.00</u></u></td> </tr> </tbody> </table>	<b>Proposed GFA</b>		<i>(sq m)</i>		Residential	359,478.10	Commercial	11,351.94	Ancillary	<u>7,567.96</u>	Total	<u><u>378,398.00</u></u>	The Property is currently owner-occupied for industrial use.	<p>RMB1,558,000,000 (RENMINBI ONE BILLION FIVE HUNDRED AND FIFTY EIGHT MILLION)</p> <p>(100% interest attributable to the Company: RMB1,558,000,000 (RENMINBI ONE BILLION FIVE HUNDRED AND FIFTY EIGHT MILLION)</p> <p><i>(Please see Notes 3, 6 to 9)</i></p>
<b>Proposed GFA</b>															
<i>(sq m)</i>															
Residential	359,478.10														
Commercial	11,351.94														
Ancillary	<u>7,567.96</u>														
Total	<u><u>378,398.00</u></u>														
	<p>The proposed development of the Property also comprises 5,507 car parking spaces. <i>(Please see Note 3)</i></p> <p>The land use rights of the Property have been granted for land use terms expiring on 21 November 2050 for office use and 11 April 2054 for industrial use.</p>														

*Notes:*

1. Pursuant to two Land Use Right Certificates Nos. Zeng Guo Yong (2014) Di GY000911 and Zeng Guo Yong (2014) Di GY000912 both issued by the People's Government of Zengcheng dated 20 February 2014, the land use right of the Property with a site area of 48,975.00 sq m and 80,157.00 sq m were vested in PanAsialum China Limited, a 100% owned subsidiary of the Company, for terms expiring on 21 November 2050 for office use and 11 April 2054 for industrial use respectively.
2. Pursuant to 21 Real Estate Title Certificates all issued by the Land Resources and Housing Management Bureau of Zengcheng, the title of the Property with a total gross floor area of 83,357.94 sq m. was vested in PanAsialum China Limited.
3. Pursuant to the Announcement, a total site area of 126,132.51 sq m of the Property is included in the scope of the transformation area which compensation will be made. Portion of the Property with a site area of 2,999.49 sq m is excluded from the scope of the transformation area.

Pursuant to the draft Agreement\* entered between Guangzhou Municipal Planning and Natural Resources Bureau Zengcheng Branch ("Party A"), Guangzhou Municipal Zengcheng Land Development Reserve Centre ("Party B"), Sub-district Government ("Party C") and the Company, the Property is resumed by the Government and the Company will be compensated. The compensation for the area within the above-mentioned scope is calculated base on the plot ratio of the proposed development of the Property. The compensation for the remaining area of the Property is calculated by market value of its existing land use right as at the date of approval of the transformation project.

In the course of our valuation of the market value, we have formulated a proposed development with reference to development scheme of relevant land comparable transactions in the vicinity. We have adopted a plot ratio of 3.0 for the proposed development of the Property. Accordingly, the total GFA of the proposed development of the Property is approximately 378,398.00 sq m.

We have further assumed that there will be no premium and/or any associated payments required for the aforesaid change of land use.

\* *The Agreement has not been signed as at the Valuation Date. According to the instruction from the Company, we have assumed that the Agreement will be signed, and we have estimated the Compensation Amount based on the Agreement.*

4. As requested to issue our opinion on the market value of the Property in its existing use without taking into account of any redevelopment potential and the resumption, as at the Valuation Date was RMB474,000,000. The aforesaid market value comprises the land and 21 blocks of buildings of the Property.
5. As advised by the Company's PRC legal adviser, the starting price of public sale and the price of the agreed sale price of land shall not be less than 70% of the benchmark land price of the corresponding land use level of the corresponding land lot. According to Planning and Natural Resources Bureau, the benchmark land price of the Property is RMB6,285 for residential use and RMB6,701 for commercial use. Therefore, the total value of the Property under benchmark land price is shown as below:

Land Use	GFA (sq m), assuming Plot Ratio to be 2.0	Benchmark Land Price (RMB/sq m)	Total Value (RMB)
Residential	244,697.07	6,285	1,537,921,085
Commercial	7,567.96	6,701	50,712,899
	<b>252,265.03</b>		<b>1,588,633,984</b>

According to the instruction of the Company, the total value of the Property under 70% of benchmark land price is shown as below:

Land Use	GFA (sq m), assuming Plot Ratio to be 2.0	70% of Benchmark Land Price (RMB/sq m)	Total Value (RMB)
Residential	244,697.07	4,400	1,076,667,108
Commercial	7,567.96	4,691	35,501,300
	<b>252,265.03</b>		<b>1,112,168,408</b>

6. Pursuant to the draft Agreement, a contingency fee (RMB200,000 per hectare based on the site area stated in land use rights certificates) will be reserved from the Compensation Amount. After the land is transferred, the Compensation Amount will be calculated by Party A and written notice will be provided to Party C. Party C will then confirm the Compensation Amount with the Company and apply an one-time appropriation to Party B. Based on Party C's application, Party B will apply to the district financial bureau to allocate the agreed Compensation Amount to Party C. In order to release the agreed Compensation Amount, the following three conditions shall be fulfilled.

- (i) The Company sign the Confirmation Letter of Land Transfer to transfer the Property to Party C;
- (ii) The Property is successfully transferred and the State-owned Construction Land Use Rights Grant Contract (國有建設用地出讓合同) is signed; and
- (iii) The soil and environmental quality evaluation of the Property is completed, and related evaluation record is being registered. Repairment implementation plan and relevant result evaluation should also be registered if any land rectify or repairment is needed.

After 3 months of fulfillment of the above-mentioned conditions, Party C will grant the Compensation Amount to the Company excluding the contingency fee. The contingency fee will be granted after 1 year of fulfillment.

In the course of our valuation, we have assumed that all conditions will be met, the Compensation Amount and the contingency fee will be granted to the Company accordingly.

7. Pursuant to the draft Agreement, summarized rights and obligation for the Company are listed below:
- (i) The Company must hold the absolute disposal rights of the Property, ensure the land use rights granted is clear with no liabilities, disputes or any other matters at the Agreement signing procedure;
  - (ii) The Company must conduct soil and environmental assessments for the Property according to relevant regulations on renewal and transformation of old factories. Cost of the assessments together with relevant pollution control treatments and restoration are at the Company's own cost;
  - (iii) The Company no longer advocates for any right on the Property apart from those rights concurred in the Agreement after signing the Agreement. The Company entrusts Party B with discarding for the land use rights and building ownership rights registration and will be handed over to the government as reserve;
  - (iv) The Company is responsible to the relocation and demolition of structures and buildings; the clearance and formation of land; fence off the Property and hand the Property over to Party C within an agreed period. Compensation Amount shall be deducted for any delays; and
  - (v) The Company is responsible to address and bare the arising costs of any unforeseen issue arises after signing the Agreement, including but not limited to the historical issues of land acquisition, clearing of young crops and other attachments above the Property. Any unforeseen issues that have not been address by the Company, Party C reserved the rights to hold portions of the contingency fee in order to solve the issues.

8. We have implemented the valuation of the Property with reference to the Agreement, relevant rules and the legal opinion issued by the Company's PRC legal adviser to estimate the Compensation Amount. As per the legal opinion as mentioned in Note 10, the Compensation Amount will only be able to be confirmed upon completion of the land auction of the Property after official resumption from the Government. The compensation as the valuation of the Property is thus an estimation pending to be confirmed upon completion of the land auction as above-mentioned.

During the course of our valuation, we have considered following critical factors in our valuation of the Property and please note that any change of the following factors will have significant impact on the market value of the Property.

- Plot ratio of the actual development scheme deviating from our assumed plot ratio of 3.0; and
- The market sentiment as at the date when the land is being successfully auctioned comparing to that as at our Valuation Date.

According to the Agreement and the legal opinion, the Company will only be able to obtain the compensation upon 1 year after fulfilling the conditions as above-mentioned in Note 6. During the course of our valuation, we have taken into account of the aforesaid time period between the Company obtaining the land compensation and the Valuation Date. According to the information provided by the Company, the date of obtaining land compensation will be approximately 30 June 2021.

9. In the course of our valuation, we have valued the Property in its existing state based on the assumption that vacant possession of the Property is immediately available without taken into account of the time and cost required to demolish the existing buildings erected thereon.

10. We have been provided with the Company's PRC legal adviser's opinion, which inter-alia, contains the following:

- (i) The Company is the registered right holder of the land use rights of the Property;
- (ii) This model of old factory resumption between the Government and the Company conforms to the model of "acquisition with land use rights holder by negotiation" (與權屬人協商收購);
- (iii) The Company shall transfer the Property to the government according to the agreed time on the final and signed Agreement on Resumption of the State-owned Land Use Rights (收回國有土地使用權協議) and sign the Confirmation Letter of Land Transfer (土地移交確認書). The transfer time shall be prior to the Company obtaining the land compensation;
- (iv) The land compensation shall be calculated based on the public sale price of the land. The Company shall obtain the land compensation in accordance with the final and signed Agreement on Resumption of the State-owned Land Use Rights; and
- (v) The Company cannot clearly ascertain the Compensation Amount at the time of signing the Agreement on Resumption of the State-owned Land Use Rights and prior to transfer of the land.

## 1. RESPONSIBILITY STATEMENT

The 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' interest in securities

As at Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (“**Model Code**”), are as follows: -

Name of Director	Capacity	Number of underlying shares held pursuant to share options (Note 1)	Percentage of the issued share capital of the Company (Note 2)
Ms. Li Jiewen	Beneficial owner	12,000,000	1.00%
Mr. Gao Mingjie	Beneficial owner	6,000,000	0.50%
Mr. Mar Selwyn	Beneficial owner	1,200,000	0.10%
Mr. Leung Ka Tin	Beneficial owner	1,200,000	0.10%
Dr. Cheung Wah Keung	Beneficial owner	1,200,000	0.10%
Mr. Chan Kai Nang	Beneficial owner	1,200,000	0.10%

Notes:

- (1) As at the Latest Practicable Date, the number of share options outstanding under the Company's share option scheme, which was approved by the Shareholders on 23 December 2019, was 70,472,000 and the exercise price was HK\$0.396.
- (2) The percentage represents the number of Shares interested divided by the number of the issued Shares as at the Latest Practicable Date (i.e. 1,200,000,000 Shares).



Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or 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 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 Issuers as contained in the Listing Rules.

**(b) Substantial Shareholders' interests in securities**

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity	Number of shares	Approximate percentage of issued Shares
Easy Star Holdings Limited ("Easy Star") <sup>Note</sup>	Beneficial Owner	900,000,000	75%
Marina Star Limited <sup>Note</sup>	Interest in controlled corporation	900,000,000	75%
HSBC International Trustee Limited <sup>Note</sup>	Trustee	900,000,000	75%

*Notes:*

Easy Star was the registered holder of the 900,000,000 shares. Easy Star was wholly-owned by Marina Star Limited. The entire issued shares of Marina Star Limited was owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust established by Mr. Marcus Pan as settlor.

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**3. DIRECTORS’ INTERESTS IN ASSETS/CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2019, being the date to which the latest published audited financial statements of the Company 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.

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

**4. DIRECTORS’ SERVICE CONTRACTS**

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

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) had any business or interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**6. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Knight Frank Petty Limited	Independent property valuer

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and reference to its name, in the form and context in which the respectively appear.

The above expert has confirmed that each the letter and report made by them was given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which since 31 December 2019, the date to which the latest published audited financial statements of the Company were made up, had 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.

## **7. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (i) On 7 December 2018, the Group entered into a sales and purchase agreement to dispose of its entire equity interest in OPNY to an independent third party with a cash consideration of RMB5 million. Details of the transaction are set out in the announcements of the Company dated 28 December 2017, 19 January 2018, 29 March 2018, 14 May 2018, 24 August 2018, 26 October 2018 and 7 December 2018; and
- (ii) On 6 June 2019, PanAsia Aluminium Limited (a wholly-owned subsidiary of the Company) entered into the Investment Agreement with the Heshan City Government, pursuant to which the Heshan City Government agrees to carry out an open tender in respect of the Land Use Right. The Group conditionally agreed and intends to acquire the Land Use Right in three phases through the open tender. Details of the transaction are set out in the announcements of the Company dated 6 June 2019 and 3 March 2020.

## **8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**9. MISCELLANEOUS**

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands;
- (ii) The principal place of business of the Company in Hong Kong is located at Unit 05, 17th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong;
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong;
- (iv) The company secretary of the Company is Ms. Kwok Ka Huen, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants; and
- (v) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Unit 05, 17th Floor Nanyang Plaza 57 Hung To Road Kwun Tong, Kowloon Hong Kong, from the date of this circular up to and including the date of EGM:

- (i) This circular;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Land Disposal Agreement (subject to finalisation and amendments from time to time);
- (iv) The annual reports of the Company for each of the financial year ended 31 December 2017, 2018 and 2019;
- (v) The valuation report issued by Knight Frank, the text of which is set out in Appendix II to this circular;
- (vi) A copy of each of the material contracts as set out in the section headed "Material contracts" in this Appendix; and
- (vii) The written consent referred to in the section headed "Expert and consent" in this Appendix.

---

## NOTICE OF EGM

---



# PanAsialum Holdings Company Limited

## 榮陽實業集團有限公司

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

**(Stock Code: 2078)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the shareholders of PanAsialum Holdings Company Limited (the “**Company**”) will be held at élan 220, 3<sup>rd</sup> Floor, L’hotel élan, 38 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 13 August 2020 at 3:00 p.m. (the “**EGM**”) for the purposes of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 29 July 2020 of which the notice convening the EGM forms part.

#### ORDINARY RESOLUTION

“**THAT**

the Company be and is hereby authorised to dispose of the Land by way of a land auction through the Planning and Natural Resources Bureau in accordance with the major terms as delineated in the announcement of the Company dated 8 July 2020 and the circular dated 29 July 2020 despatched or to be despatched by the Company (the “**Proposed Disposal**”) and the transactions contemplated under such Proposed Disposal be and are hereby approved, ratified and confirmed; and any one director of the Company or his/her proxy(ies) be and is/are hereby authorised to proceed with the Proposed Disposal within one month from the date of which the Shareholders having approved the Proposed Mandate at the EGM and to complete the Proposed Disposal and to exercise all the powers of the Company and to do all things and acts and execute and deliver all agreements and document and take all steps, as may be necessary, desirable or expedient to carry out or to give effect to any matters relating to or in connection with the Proposed Disposal and the transactions contemplated thereunder and where necessary, affix the common seal of the Company on such documents.”

By Order of the Board  
**PanAsialum Holdings Company Limited**  
**Cheung Wah Keung**  
*Independent Non-executive Director and*  
*Independent Non-executive Chairman*

Hong Kong, 29 July 2020

---

## NOTICE OF EGM

---

*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:*

Unit 05, 17th Floor  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

*Notes:*

- (a) The register of members of the Company will be closed from Friday, 7 August 2020 to Thursday, 13 August 2020, both days inclusive. No transfer of shares of the Company will be registered during that period. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30p.m. on Thursday, 6 August 2020.
- (b) A member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person to represent the member.
- (c) If the appointer is a corporation, the form of proxy must be under its common seal, or under the hand of an officer or attorney duly authorised on its behalf.
- (d) In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude a member from attending and voting at the meeting if he so wishes. In the event that he attends the meeting after having lodged the form of proxy, the form of proxy will be deemed to have been revoked.
- (e) Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect hereof.

*As at the date of this notice, the Board comprises the executive Directors, namely Mr. Ms. Li Jiewen (Chief Executive Officer), Mr. Gao Mingjie; and the independent non-executive Directors, namely Dr. Cheung Wah Keung (Independent Non-executive Chairman), Mr. Mar Selwyn, Mr. Leung Ka Tin and Mr. Chan Kai Nang.*