
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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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Yee Hop Holdings Limited

義合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1662)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS –
(I) THE COOPERATION AGREEMENT; AND
(II) THE REIMBURSEMENT AGREEMENTS
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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



A notice convening the extraordinary general meeting (“EGM”) of Yee Hop Holdings Limited to be held at Units 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong, on Friday, 24 September 2021 at 10:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A proxy form for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the proxy form 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, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at, the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page EGM-4 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature checks and health declarations
- recommended wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

3 September 2021

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 31 March 2021 in respect of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	Yee Hop Holdings 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Shen Meng Investment
“deemed connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deposits”	collectively, the Rental Deposit and Renovation Deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“Deposits Reimbursement Agreement”	the deposits reimbursement agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Qingchuangshe
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Friday, 24 September 2021 at Units 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong, to consider and, if appropriate, to approve the resolutions contained in the Notice of EGM set out on pages EGM-1 to EGM-4 of this circular, or any adjournment thereof

DEFINITIONS

“Expense Reimbursement Agreement”	the expense reimbursement agreement dated 31 March 2021 entered into between Qingchuang Lixiang and Qingchuangshe
“Former Cooperation Agreement”	the cooperation agreement dated 25 September 2020 entered into between Qingchuangshe and Shen Meng Investment
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16
“HKQCH”	Hong Kong Qing Chuang Holdings Limited, a company incorporated in Hong Kong with limited liability
“HKS”	HKS International Limited, a company incorporated in the British Virgin Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny established to advise the Independent Shareholders in respect of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Dakin Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions to approve the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“JJ1318”	JJ1318 Holdings Limited, a company incorporated in the BVI, is wholly owned by Mr. Jim and is a Controlling Shareholder
“Latest Practicable Date”	30 August 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Jim”	Mr. Jim Yin Kwan Jackin, an executive Director, the chairman of the Board and a Controlling Shareholder
“Mr. Yan”	Mr. Yan Chi Tat, an executive Director and the chief executive officer of the Company
“Notice of EGM”	a notice convening the EGM set out on pages EGM-1 to EGM-4 of this circular
“PRC”	the People’s Republic of China, which shall, for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou, PRC* (中國廣州市海珠區工業大道南路振興大街4號)
“Qingchuang Lixiang”	Guangzhou Qingchuang Lixiang Commercial Operation Management Co., Ltd.* (廣州青創理想商業運營管理有限公司), a company established in the PRC with limited liability

DEFINITIONS

“Qingchuangshe”	Guangzhou Qingchuangshe Shangye Operation Management Co., Ltd.* (廣州青創社商業運營管理有限公司), a company established in the PRC with limited liability
“Reimbursement Agreements”	collectively referred to the Deposits Reimbursement Agreement and the Expense Reimbursement Agreement
“Renovation Deposit”	the renovation deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“Rental Deposit”	the rental deposit paid under the Former Cooperation Agreement or the Cooperation Agreement (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shen Meng Investment”	Shenzhen Shen Meng Investment Group Co., Ltd.* (深圳市深夢投資集團有限公司), a company established in the PRC with limited liability
“Shen Mengcheng”	Shenzhen Shen Mengcheng Real Estate Co., Ltd.* (深圳市深夢城置地有限公司), a company established in the PRC with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Valuer”	Roma Appraisals Limited, an independent valuer
“%”	per cent.

In this circular, the English names of the PRC entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM THE BOARD



Yee Hop Holdings Limited

義合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1662)

Executive Directors:

Mr. Jim Yin Kwan Jackin (*Chairman*)
Mr. Chui Mo Ming (*Vice-chairman*)
Mr. Yan Chi Tat (*Chief Executive Officer*)
Mr. Leung Hung Kwong Derrick
Mr. Xu JunMin

Registered Office:

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Mr. Wang Jian

*Headquarter, head office and principal place
of business in Hong Kong:*

Units 1104–1106
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. Lee Luk Shiu
Mr. Yu Hon Kwan
Mr. Wong Chi Keung Johnny

3 September 2021

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS –
(I) THE COOPERATION AGREEMENT; AND
(II) THE REIMBURSEMENT AGREEMENTS
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcement and the supplemental announcement of the Company dated 29 April 2021 in respect of, among other things, the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 25 September 2020, Qingchuangshe and Shen Meng Investment entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises from Shen Meng Investment for a term of 9 years and 10 months. On 31 March 2021, Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment. On 31 March 2021, Qingchuang Lixiang and Shen Meng Investment entered into the preliminary cooperation agreement pursuant to which Shen Meng Investment agreed to terminate the Former Cooperation Agreement with Qingchuangshe which was conditional upon Qingchuang Lixiang having entered into the Cooperation Agreement on the same terms and conditions as the Former Cooperation Agreement.

On 31 March 2021, Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company) and Shen Meng Investment entered into the Cooperation Agreement in respect of the Premises for a term of 9 years and 4 months.

On 31 March 2021, Qingchuangshe (the former tenant of the Premises) and Qingchuang Lixiang entered into the Deposits Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe RMB6 million, being the Deposits which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement.

On 31 March 2021, Qingchuangshe and Qingchuang Lixiang entered into the Expense Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe approximately RMB2.3 million, being the sum of the rental from January 2021 to March 2021 and the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.

In view of the facts that (i) Qingchuangshe, a connected person of the Company for the reasons disclosed in the Announcement, and Shen Meng Investment, an Independent Third Party, entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises; (ii) Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment; and (iii) Qingchuangshe and Qingchuang Lixiang entered into the Reimbursement Agreements in respect of the Former Cooperation Agreement and the Cooperation Agreement, depending on the opinion of the Stock Exchange, Shen Meng Investment may be deemed to be a connected person of the Company pursuant to Rule 14A.20 of the Listing Rules. As a result, for prudence sake, the Board has resolved to comply with the requirements of connected transactions under Chapter 14A of the Listing Rules regarding the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder as if Shen Meng Investment is deemed to be a connected person of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things,

- (1) information regarding the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder, including
 - (i) details of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder;
 - (ii) the recommendation of the Independent Board Committee regarding the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder;
 - (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder;
- (2) general information of the Company;
- (3) the valuation report issued by the Valuer in respect of the Premises; and
- (4) a notice for convening the EGM.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are as follows:

- Date: 31 March 2021
- Parties: (i) Shen Meng Investment; and
(ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
- Subject matter: Qingchuang Lixiang shall lease the Premises from Shen Meng Investment for subleasing and Qingchuang Lixiang shall be responsible for managing the subleasing matter.

LETTER FROM THE BOARD

Premises: No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou, PRC* (中國廣州市海珠區工業大道南路振興大街4號)

The gross floor area of the Premises is approximately 4,600 square meters. As at the Latest Practicable Date, the Premises is being renovated for sub-leasing to the tenants. After the renovation is completed, the Premises will be sub-divided into three-stories and the gross floor area available for sub-leasing will be approximately 15,000 square meters.

Lease term: 9 years 4 months commencing from 1 April 2021 to 24 July 2030 (both days inclusive)

Monthly Rent: The monthly rent payable by Qingchuang Lixiang to Shen Meng Investment shall be RMB600,000 with a yearly increment of 3% and a fixed monthly discount of RMB75,000.

The rent under the Cooperation Agreement was determined after arm's length negotiations between Qingchuang Lixiang and Shen Meng Investment and with reference to the prevailing market rent of comparable properties and the expected profit in subleasing of the Premises.

Pursuant to the requirement of Rule 14A.70(7) of the Listing Rules, the Company has appointed the Valuer as the independent valuer to make valuation on the Premises. The valuation report issued by the Valuer in accordance with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules and the valuation report has been included in Appendix II to this circular.

LETTER FROM THE BOARD

- Deposits: Pursuant to the Former Cooperation Agreement, Qingchuangshe had paid RMB6 million, being the Deposits, to Shen Meng Investment. Qingchuang Lixiang shall reimburse Qingchuangshe for the Deposits and Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the completion of the renovation of the Premises or expiry of the Cooperation Agreement, as the case may be. Please refer to the paragraph headed “The Reimbursement Agreements” below for details.
- Total consideration payable: The total consideration payable by Qingchuang Lixiang under the Cooperation Agreement is approximately RMB70.7 million during the lease term.
- Manner of payment: The monthly rent is payable by Qingchuang Lixiang to Shen Meng Investment five days in advance of each month.
- Renovation: Pursuant to the Cooperation Agreement, Qingchuang Lixiang agreed to invest not less than RMB15 million in renovation of the Premises, of which approximately RMB0.6 million had already been invested by Qingchuangshe under the Former Cooperation Agreement and will be reimbursed by Qingchuang Lixiang under the Expense Reimbursement Agreement. Please refer to the paragraph headed “The Reimbursement Agreements” below for details.
- If Qingchuang Lixiang fails to invest the required amount within 20 months from the date of the Cooperation Agreement, Shen Meng Investment shall be entitled to forfeit the Renovation Deposit and terminate the Cooperation Agreement.

The monthly rent and other relevant expenses were paid/will be paid through the Group’s internal source of funding.

LETTER FROM THE BOARD

THE REIMBURSEMENT AGREEMENTS

Deposits Reimbursement Agreement

The principal terms of the Deposits Reimbursement Agreement are as follows:

- Date: 31 March 2021
- Parties: (i) Qingchuangshe; and
(ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
- Subject matter: Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) RMB3 million, being the Rental Deposit; and (ii) RMB3 million, being the Renovation Deposit which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the expiry of the Cooperation Agreement.
- The Deposits: The amount payable under the Deposits Reimbursement Agreement was RMB6 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of the Deposits which was paid by Qingchuangshe to Shen Meng Investment.
- The Deposits would be paid through the Group's internal source of funding.
- Manner of payment: The Deposits were payable by Qingchuang Lixiang to Qingchuangshe on the date of the Deposits Reimbursement Agreement.

LETTER FROM THE BOARD

Expense Reimbursement Agreement

The principal terms of the Expense Reimbursement Agreement are as follows:

- Date: 31 March 2021
- Parties: (i) Qingchuangshe; and
(ii) Qingchuang Lixiang (an indirect non wholly-owned subsidiary of the Company).
- Subject matter: Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) approximately RMB1.7 million, being the rental from January 2021 to March 2021; and (ii) approximately RMB0.6 million, being the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.
- The expenses: The amount payable under the Expense Reimbursement Agreement was approximately RMB2.3 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of expenses (including rentals and renovation costs) which was paid or incurred by Qingchuangshe.
- The expenses would be paid through the Group's internal source of funding.
- Manner of payment: The expenses were payable by Qingchuang Lixiang to Qingchuangshe on the date of the Expense Reimbursement Agreement.

Save for the Reimbursement Agreements, no other fees and considerations were payable by the Group to Qingchuangshe.

RIGHT-OF-USE ASSETS

The value of the right-of-use asset to be recognised by the Company under the Cooperation Agreement is estimated to be approximately RMB55.2 million (unaudited), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Cooperation Agreement in accordance with HKFRS 16. The discount rate of approximately 5.22% is applied to compute the present value of the aggregate lease payments under the Cooperation Agreement.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As disclosed in the 2019/20 annual report of the Company, the Group has been diversifying the business of the Group and will continue its strategy to diversify the business spectrum and to broaden the revenue base of the Group. As disclosed in the announcement of the Company dated 19 September 2017, the Group entered into the subscription agreement to participate in the investment and development of a property situate at Windmill Street, Birmingham, the United Kingdom. Further, on 25 March 2021, the Group entered into a cooperation agreement in respect of subleasing business of certain properties in Guangzhou. Leveraging on the previous experience of the Group in property investment and development, the Directors consider that the Cooperation Agreement provides the Group with an opportunity to further diversify and participate in the properties related business in the PRC and broaden its assets and earning base. The Group intends to further develop the sub-leasing business by entering into the Cooperation Agreement which concerns the Premises situated in Guangzhou, a first-tier city in the PRC, with stable lease market and lower business risk. To maintain the stability of the sub-leasing business and attract long-term tenants, Qingchuang Lixiang and Shen Meng Investment agreed to a lease term of at least 9 years.

Further, the Directors note that the terms of the cooperation between Qingchuangshe and Shen Meng Investment in respect of the subleasing of the Premises represented a good business opportunity. Based on the information provided by Shen Meng Investment and Qingchuangshe, Shen Meng Investment offered rent-free renovation period to Qingchuangshe during the period from the commencement of the Former Cooperation Agreement to 29 December 2020. As at the Latest Practicable Date, the Premises are still under renovation stage. Leveraging on the Group's experience in properties related business and the Group's wider business connections, Qingchuangshe is of the view that the Group will be able to locate more sub-tenants and better develop the subleasing business in respect of the Premises while Qingchuangshe may allocate its resources which are originally reserved for the subleasing business of the Premises to other business opportunities. In view of the above, Qingchuangshe agreed to terminate the Former Cooperation Agreement with Shen Meng Investment such that Qingchuang Lixiang can engage in subleasing business in respect of the Premises and Qingchuang Lixiang agreed to enter into the Reimbursement Agreements.

Based on the aforesaid, the Directors (including the independent non-executive Directors) considers that the terms of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in

LETTER FROM THE BOARD

(i) the provision of foundation (including the construction of mini-piles, rock-socketed steel H-piles and driven steel H piles) and other civil works (including site formation works, and road and pavement works) and tunneling works (including pipe jacking, hand dig tunnel and cut-and-cover tunnel works) in Hong Kong and overseas, and (ii) research and development and breeding, sales and trading of aquatic products in the PRC. The Company also intends to use genetic modification for biosynthetic exploration to provide new solutions to tackle the bottleneck of drug sources, expend resources on research and development of marine functional products and marine innovative drugs through its non-wholly owned subsidiary, Shenzhen BGI Fisheries Sci & Tech Co., Ltd.

Qingchuang Lixiang

Qingchuang Lixiang is a company established in the PRC with limited liability which is principally engaged in business servicing including leasing of properties and provision of property management service. It is an indirect non wholly-owned subsidiary of the Company and is owned indirectly as to 30% by HKS and 70% by the Company. HKS is an investment holding company which is wholly owned by Mr. Yeung Ka Sing and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, HKS and its ultimate beneficial owner are all third parties independent of the Company and its connected persons.

Shen Meng Investment

Based on publicly available information, Shen Meng Investment is a company established in the PRC on 1 July 2019 with a registered capital of RMB200 million. The business scope of Shen Meng Investment covers property management. As at the Latest Practicable Date, Shen Meng Investment is owned as to 90% by Shen Mengcheng and 10% by Ms. Shi YueXue (時月雪). Shen Mengcheng is a company established in the PRC with limited liability which is principally engaged in real estate and property management and is owned as to 99.5% by Mr. Li Ye (李曄) and 0.5% by Ms. Shi YueXue (時月雪). To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Shen Meng Investment and its ultimate beneficial owner(s) are Independent Third Parties. However, as disclosed in the section headed "Implications under the Listing Rules" below, depending on the opinion of the Stock Exchange, Shen Meng Investment may be deemed to be a connected person of the Company pursuant to Rule 14A.20 of the Listing Rules.

Qingchuangshe

Qingchuangshe is a company established in the PRC with limited liability and is principally engaged in business servicing including leasing of properties and provision of property management service. As at the Latest Practicable Date, to the knowledge of the Directors, Qingchuangshe is indirectly 70% owned by HKQCH and 30% owned by HKS. HKQCH is an investment holding company and is 80% owned by Mr. Jim, 5% by Mr. Yan, 10% by Mr. Wu Tai Cheung and 5% by Ms. Chow Fung Yee. HKS is an investment holding company which is wholly owned by Mr. Yeung Ka Sing and to the best of the Directors' knowledge, information

LETTER FROM THE BOARD

and belief, having made all reasonable enquiries, as at the Latest Practicable Date, HKS and its ultimate beneficial owner are all third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

The Cooperation Agreement is, in essence, a lease agreement involving the acquisition of right-of-use assets. Pursuant to HKFRS 16, the Group, if entering into a lease transaction as a lessee, should recognise the right-of-use assets on the consolidated statement of financial position of the Group according to HKFRS 16. Under the Listing Rules, the entering into a lease transaction by the Group as a lessee will be regarded as an acquisition of an asset under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

In view of the facts that (i) Qingchuangshe, a connected person of the Company for the reasons disclosed in the Announcement, and Shen Meng Investment, an Independent Third Party, entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises; (ii) Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment; and (iii) Qingchuangshe and Qingchuang Lixiang entered into the Reimbursement Agreements in respect of the Former Cooperation Agreement and the Cooperation Agreement, depending on the opinion of the Stock Exchange, Shen Meng Investment may be deemed to be a connected person of the Company pursuant to Rule 14A.20 of the Listing Rules. As a result, for prudence sake, the Board has resolved to comply with the requirements of connected transactions under Chapter 14A of the Listing Rules regarding the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder as if Shen Meng Investment is deemed to be a connected person of the Company.

Mr. Jim and Mr. Yan, who were shareholders of HKQCH which in turn owned 70% shareholding in Qingchuangshe, were deemed to have a material interest in the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder and have abstained from voting on the Board resolutions approving the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder exceed 5% but are less than 25%, the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder constitute (i) discloseable transactions of the Company which are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt connected transactions of the Company which are subject to the notification, announcement, circular and Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Company will at the EGM seek approval from the Independent Shareholders for entering into the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

THE EGM AND PROXY ARRANGEMENT

The EGM will be held at Units 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 24 September 2021 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder. The Notice of EGM is set out on pages EGM-1 to EGM-4 of this circular.

At the EGM, any Shareholder with a material interest in the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder is required to abstain from voting on the resolution to be put forward to the Independent Shareholders for approving the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

As of the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Qingchuangshe is indirectly owned as to 70% by HKQCH and 30% by HKS, whereas HKQCH is owned as to 80% by Mr. Jim, an executive Director, the chairman of the Board and a Controlling Shareholder. JJ1318, a company which is wholly owned by Mr. Jim, is interested in 191,250,000 Shares representing approximately 38.25% of the entire issued share capital of the Company. JJ1318 will abstain from voting on the EGM resolution(s) approving and ratifying the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder and no Shareholder (other than JJ1318 and its associates) will be required to abstain from voting on the EGM resolution(s) approving and ratifying the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.yee-hop.com.hk). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Wednesday, 22 September 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Monday, 20 September 2021 to Friday, 24 September 2021, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 17 September 2021.

VOTING BY POLL

The resolutions set out in the Notice of EGM would be decided by poll in accordance with Rule 13.39(4) of the Listing Rules and the Articles except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/her/its votes or cast all his/her/its votes in the same way.

After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.yee-hop.com.hk.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether (i) the entering into of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; (ii) the terms of the Cooperation Agreement and the Reimbursement Agreements are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders; and (iii) to advise the Independent Shareholders as to how to vote at the EGM. Dakin Capital Limited has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this respect.

VALUATION

Roma Appraisals Limited, the Valuer, is a firm of professional surveyors and valuation consultants in Hong Kong and has been engaged by the Company to conduct a valuation on the property interests to be acquired of by the Group. Qualification of the Valuer is set out on page I-5 to this circular. As disclosed in the section headed "7. Qualification and consent of experts" of Appendix I to this circular, at the Latest Practicable Date, the Valuer has no shareholding in

LETTER FROM THE BOARD

any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets which have 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. Based on the above, the Board believes that the Valuer possessed the competency and independence to provide its professional service to carry out the valuation of the property interests held by the Group.

In its valuation, the Valuer adopted the direct comparison approach by making reference to recent rental transaction evidences as available in the relevant property market in Guangzhou City, which is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of comparable properties with similar characteristics. Each comparable is analysed on the basis of all respective advantages and disadvantages of each property on the factors such as location, accessibility, size, building age, building quality, lease conditions, environment etc., in order to arrive at a fair comparison of rental value.

In particular, the Valuer analysed the relevant warehouse/office market in Guangzhou City. It identified a number of relevant developments in Guangzhou and based on several selection criteria, which included location (close proximity to the subject property in Haizhu District), usage (similar usage as the subject property), building quality (modern design with essential ancillary services available), age (built/renovated less than 5 years) and with rental information available, the Valuer identified three developments for comparison purpose based on the selection criteria, on a best-effort and exhaustive basis. The unit rents of the developments considered ranged from RMB110 to RMB120 per month per square meter on gross floor area basis. Details of the three comparable developments are set out below:

	Comparable A	Comparable B	Comparable C
Development	BIG Haizhu Bay Art Park	Haishangmingzhu Innovation Park	Qiaojian Hi-City
Address	No. 2 Zhenxing Street, Haizhu District	No. 10 Zhenxing Street, Haizhu District	No. 156 Nanzhou Road, Haizhu District
Year built	2018	2016	2019
Monthly Rent (on GFA)	RMB115 per sq.m. (asking)	RMB110 per sq.m. (asking)	RMB120 per sq.m. (asking)

The Board considers the selection of the three comparable developments for the analysis on the rents are fair and reasonable especially when such comparable developments are exposed to similar property nature and similar extent of macro-economic factors as to the Premises. Further, the Board considers that the list of three comparable developments is exhaustive as far as the

LETTER FROM THE BOARD

Board is aware of and despite the fact that the location, the size, the age and the building quality of the three comparable developments may not be exactly the same as the Premises, they are sufficient to provide fair and representative samples to be taken as a general reference of the prevailing market rent in relation to the Premises under the then market sentiment.

The Valuer attributed no allowance for any charges, mortgages or amounts owing on the Premises nor for any expenses or taxation which might be incurred in effecting a lease.

Unless otherwise stated, the Valuer had assumed that the Premises were free from encumbrances, restrictions and outgoings of an onerous nature which could affect the market rent. The Valuer assumed the Premises had and would comply with all the planning and building regulations as applicable during the lease term. The Valuer assumed the rental was exclusive of value-added tax, utilities outgoings and management fees; and excluded any estimated rental inflated or deflated by special terms or circumstances such as financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee. For further details of the valuation, please refer to Appendix II to this circular.

Having considered the factors taken into account by the Valuer for the selection of valuation methodology and having been informed that they are the usual methodology and assumptions adopted by a professional valuer for such Premises, the Board is of the view that the assumptions adopted in the valuation report are fair and reasonable.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that (i) the entering into of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Cooperation Agreement and the Reimbursement Agreements are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that (i) the entering into of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Cooperation Agreement and the Reimbursement Agreements are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information and valuation report as set out in the appendices to this circular, and the Notice of EGM.

Yours faithfully,
By order of the Board
Yee Hop Holdings Limited
Jim Yin Kwan Jackin
Chairman and Executive Director



Yee Hop Holdings Limited

義合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1662)

3 September 2021

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS –
(I) THE COOPERATION AGREEMENT; AND
(II) THE REIMBURSEMENT AGREEMENTS
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

We refer to the circular (the “**Circular**”) dated 3 September 2021 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, (i) the entering into of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Cooperation Agreement and the Reimbursement Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders.

Having taken into account the advice of the Independent Financial Adviser, we are of the opinion that (i) the entering into of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Cooperation Agreement and the Reimbursement Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee of

Yee Hop Holdings Limited

Mr. Lee Luk Shiu

Mr. Yu Hon Kwan

Mr. Wong Chi Keung Johnny

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Dakin Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



3 September 2021

*To: the Independent Board Committee and the Independent Shareholders
of Yee Hop Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS – (I) THE COOPERATION AGREEMENT; AND (II) THE REIMBURSEMENT AGREEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Cooperation Agreement and the Reimbursement Agreements, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 3 September 2021 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 25 September 2020, Qingchuangshe and Shen Meng Investment entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises from Shen Meng Investment for a term of 9 years and 10 months. On 31 March 2021, (i) Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment; and (ii) Qingchuang Lixiang and Shen Meng Investment entered into the preliminary cooperation agreement pursuant to which Shen Meng Investment agreed to terminate the Former Cooperation Agreement with Qingchuangshe which was conditional upon Qingchuang Lixiang having entered into the Cooperation Agreement on the same terms and conditions as the Former Cooperation Agreement.

On 31 March 2021, (i) Qingchuang Lixiang and Shen Meng Investment entered into the Cooperation Agreement in respect of the Premises for a term of 9 years and 4 months; (ii) Qingchuangshe and Qingchuang Lixiang entered into the Deposits Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe RMB6 million, being

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Deposits which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the completion of the renovation of the Premises or the expiry of the Cooperation Agreement, as the case may be; and (iii) Qingchuangshe and Qingchuang Lixiang entered into the Expense Reimbursement Agreement pursuant to which Qingchuang Lixiang agreed to pay to Qingchuangshe approximately RMB2.3 million, being the sum of the rental from January 2021 to March 2021 and the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement.

As at the Latest Practicable Date, JJ1318, a company which is wholly owned by Mr. Jim, is interested in 191,250,000 Shares representing approximately 38.25% of issued Shares of the Company.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all the reasonable enquiries, (i) Qingchuangshe is indirectly owned as to 70% by HKQCH and 30% by HKS, whereas HKQCH is owned as to 80% by Mr. Jim, 5% by Mr. Yan, 10% by Mr. Wu Tai Cheung and 5% by Ms. Chow Fung Yee; and (ii) HKS is wholly owned by Mr. Yeung Ka Sing. Therefore, Qingchuangshe is a connected person of the Company under Chapter 14A of the Listing Rules.

In view of the facts that (i) Qingchuangshe, a connected person of the Company for the reasons as mentioned above, and Shen Meng Investment, an Independent Third Party, entered into the Former Cooperation Agreement pursuant to which Qingchuangshe leased the Premises; (ii) Qingchuangshe and Shen Meng Investment entered into the termination agreement in respect of the Former Cooperation Agreement which was conditional upon entering into of the Cooperation Agreement between Qingchuang Lixiang and Shen Meng Investment; and (iii) Qingchuangshe and Qingchuang Lixiang entered into the Reimbursement Agreements in respect of the Former Cooperation Agreement and the Cooperation Agreement, depending on the opinion of the Stock Exchange, Shen Meng Investment may be deemed to be a connected person of the Company pursuant to Rule 14A.20 of the Listing Rules. As a result, for prudence sake, the Board has resolved to comply with the requirements of connected transactions under Chapter 14A of the Listing Rules regarding the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder as if Shen Meng Investment is deemed to be a connected person of the Company.

The Cooperation Agreement is, in essence, a lease agreement involving the acquisition of right-of-use assets. Pursuant to HKFRS 16, the Group, if entering into a lease transaction as a lessee, should recognise the right-of-use assets on the consolidated statement of financial position of the Group. Under the Listing Rules, the entering into a lease transaction by the Group as a lessee will be regarded as an acquisition of an asset under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Cooperation Agreement and Reimbursement Agreements and the transactions contemplated thereunder exceed 5% but are less than 25%, the Cooperation Agreement and Reimbursement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Agreements and the transactions contemplated thereunder constitute (i) discloseable transactions of the Company which are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt connected transactions of the Company which are subject to the notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, pursuant to Rule 14A.52 of the Listing Rules, as the term of the Cooperation Agreement exceeds 3 years, the Company has engaged us to explain why the Cooperation Agreement require a longer period and to confirm that it is a normal business practice for agreements of these type of transactions to be of such duration.

Mr. Jim and Mr. Yan, who were shareholders of HKQCH which in turn owned 70% shareholding in Qingchuangshe, were deemed to have a material interest in the Transactions and have abstained from voting on the Board resolutions approving the Transactions.

The Company will seek approval from the Independent Shareholders in respect of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement and the transactions contemplated thereunder by way of a poll at the EGM. In view of the interests as mentioned above, JJ1318 is required to abstain from voting in respect of the ordinary resolutions approving the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Transactions and will be required to abstain from voting on the resolution(s) to approve the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny, has been formed to advise the Independent Shareholders on whether the terms of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Independent Financial Adviser.

OUR INDEPENDENCE

We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. During the past two years, we did not act as the financial adviser or the independent financial adviser of the Company. Apart from normal professional fees for our services to the Company in connection with this engagement described above, no other arrangements exist whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, or its

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

substantial Shareholders, Directors, chief executive, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respects of the fairness and reasonableness of the terms of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date.

The Directors collectively and individually accept full responsibility, including 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 the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments or changes (including any material change in market, economic conditions and COVID-19) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the fairness and reasonableness of the terms of the Cooperation Agreement, Deposits Reimbursement Agreement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and Expense Reimbursement Agreement and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

As stated in the annual report of the Company for the year ended 31 March 2021 (“**Annual Report**”), the Group is principally engaged (i) the provision of foundation (including the construction of mini-piles, rock-socketed steel H-piles and driven steel H piles) and other civil works (including site formation works, and road and pavement works) and tunneling works (including pipe jacking, hand dig tunnel and cut-and-cover tunnel works) in Hong Kong and overseas; (ii) subleasing of premises; and (iii) conservation and utilization of aquatic genetic resources, molecular breeding of aquaculture species, ecological and industrial process of aquatic products, import and export trade and related services. As stated in the Letter from the Board, the Company also intends to use genetic modification for biosynthetic exploration to provide new solutions to tackle the bottleneck of drug sources, expend resources on research and development of marine functional products and marine innovative drugs through its non-wholly owned subsidiary, Shenzhen BGI Fisheries Sci & Tech Co., Ltd.

The table below is the summary of the financial information of the Group for the financial years ended 31 March 2020 and 2021 which are extracted from the Company’s Annual Report.

Summary of the consolidated financial results of the Group

	For the year ended 31 March 2020 (audited) HK\$’000	For the year ended 31 March 2021 (audited) HK\$’000
Financial performance		
Revenue	980,053	1,056,453
Gross profit	109,644	120,649
Profit for the year	22,506	38,270

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 March 2021 (“FY2021”), the Group’s total revenue is approximately HK\$1,056.5 million, representing an increase of approximately 7.8% as compared to that of approximately HK\$980.1 million for the year ended 31 March 2020 (“FY2020”). Pursuant to the Annual Report, the increase of Group’s revenue for FY2021 was mainly attributable to the increase in the revenue of foundation and other civil works and tunneling works by approximately HK\$70.1 million and HK\$11.0 million respectively.

As stated in the Annual Report, the Group’s gross profit for FY2021 increased by approximately HK\$11.0 million to approximately HK\$120.6 million (FY2020: approximately HK\$109.6 million), which was mainly due to the combined effect of (i) the increase in gross profit of approximately HK\$14.0 million from approximately HK\$76.5 million for FY2020 to approximately HK\$90.5 million for FY2021 contributed from foundation and other civil works; (ii) the increase in gross profit of approximately HK\$12.2 million from approximately HK\$17.6 million for FY2020 to approximately HK\$29.9 million for FY2021 contributed from breeding, sale and trading of aquatic products; and partially offset by (iii) the decrease in gross profit of approximately HK\$19.8 million from approximately HK\$28.7 million for FY2020 to approximately HK\$8.9 million for FY2021 contributed from the tunneling works.

The Group’s profit for the year increased from approximately HK\$22.5 million for FY2020 to approximately HK\$38.3 million for FY2021, representing an increase of approximately 70.0%. According to the management of the Company, such increase of profit was mainly due to the combined effect of (i) increase in revenue and gross profit recognised for FY2021; (ii) increase in share of result in an associate; and partially offset by (iii) the impairment loss of goodwill from the operating segment of breeding, sales and trading of aquatic products and related services.

With reference to the Company’s announcement dated 19 September 2017, the Company invested in an associate for the purpose of the development of a property project in Birmingham, the United Kingdom (the “**Birmingham Property Project**”). The Birmingham Property Project consists of 304 residential apartments situated at the Windmill Street, Birmingham, the United Kingdom. As at 30 June 2021, approximately 77.6% of the apartment have been sold or pre-sold and the Birmingham Property Project has practically been completed. We noted from the Annual Report that there were a share of profits in an associate of approximately HK\$1.2 million and HK\$19.0 million for FY2020 and FY2021 respectively.

Pursuant to the Company’s announcement dated 25 March 2021, Guangzhou Qingchuang Tiandi Commercial Operation Management Co., Ltd.* (廣州青創天地商業運營管理有限公司) (“**Qingchuang Tiandi**”), an indirect non wholly-owned subsidiary of the Company and Guangzhou Healthy Town Industrial Park Co., Ltd.* (廣州健康小鎮產業園有限公司) entered into a cooperation agreement (“**Qingchuang Tiandi Cooperation Agreement**”) in respect of the premises located in Guangzhou, Guangdong Province, the PRC for a term of 132 months from the date of delivery of the premises to Qingchuang

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tiandi, which is from 25 March 2021 to 24 March 2032. As at 30 June 2021, the premises under the Qingchuang Tiandi Cooperation Agreement was under renovation.

Having considered (i) the financial performance of the Group for FY2020 and FY2021 as stated above; (ii) the share of profit in an associate for FY2020 and FY2021 regarding the Birmingham Property Project; (iii) the Group's investment in the commercial and office property market in Guangzhou as disclosed above regarding the Qingchuang Tiandi Cooperation Agreement; (iv) the increasing trend for registered leasing floor area of commercial and office space in Guangzhou as stated in paragraph headed "2. Commercial and office space leasing market in Guangzhou" below in this letter; and (v) the reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement as stated in paragraph headed "3. Reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement" below in this letter, we are of the view and concur with the view of the management of the Company that the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement are in the interests of the Company and the Shareholders as a whole.

2. Commercial and office space leasing market in Guangzhou

To assess the commercial and office space leasing market in Guangzhou, we have reviewed the statistics published by the Guangzhou Statistics Bureau* (廣州市統計局) and Guangzhou Property Leasing Management Office* (廣州市房地產租賃管理所) with findings set out as follows:

Statistics of nominal gross domestic products in Guangzhou

2018	2019	2020	Compound annual growth rate	First half of 2020	First half of 2021	Growth rate
RMB (billion)	RMB (billion)	RMB (billion)	(%)	RMB (billion)	RMB (billion)	(%)
2,286	2,363	2,502	4.6	1,097	1,310	19.4

Source: Guangzhou Statistics Bureau* (廣州市統計局) (Website: <http://tjj.gz.gov.cn>)

As disclosed above, the nominal gross domestic products in Guangzhou increased from approximately RMB2,286 billion for the year of 2018 to approximately RMB2,502 billion for the year of 2020, representing a compound annual growth rate of approximately 4.6%. For the six months ended 30 June 2021, the nominal gross domestic products in Guangzhou was approximately RMB1,310 billion, representing an increase of approximately 19.4% as compared with that of the same period of 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Statistics of registered leasing floor area of commercial and office space in Guangzhou

	2018	2019	2020	Compound annual growth rate	First half of 2020	First half of 2021	Growth rate
	<i>(thousand sq.m.)</i>	<i>(thousand sq.m.)</i>	<i>(thousand sq.m.)</i>	<i>(%)</i>	<i>(thousand sq.m.)</i>	<i>(thousand sq.m.)</i>	<i>(%)</i>
Commercial	13,641	16,563	14,230	2.1	5,798	5,881	1.4
Office	8,851	8,848	9,734	4.9	4,084	8,378	105.2

Source: Guangzhou Property Leasing Management Office (廣州市房地產租賃管理所), a direct unit under Guangzhou Municipal Housing and Urban-Rural Development Bureau* (廣州市住房及城鄉建設局) (Website: <http://zfcj.gz.gov.cn/zwgk/zsdwxxgkzlfdczlgls/index.html>)*

As shown in the above table, the registered leasing floor area of commercial space in Guangzhou increased from approximately 13.6 million sq.m. for the year of 2018 to approximately 16.6 million sq.m. for the year of 2019. However, due to the outbreak of COVID-19 throughout the year 2020, the registered leasing floor area of commercial space in Guangzhou drop to approximately 14.2 million sq.m. for the year of 2020, representing a decrease of approximately 14.1% as compared with the year of 2019. Since the beginning of 2021, the registered leasing floor area of commercial space in Guangzhou recovered and amounted to approximately 5.9 million sq.m. for the six months ended 30 June 2021, representing an increase of approximately 1.4% as compared with that of the same period of 2020.

The registered leasing floor area of office space in Guangzhou increased from approximately 8.8 million sq.m. for the year of 2018 to approximately 9.7 million sq.m. for the year of 2020, representing a compound annual growth rate of approximately 4.9%. Also, the registered leasing floor area of office space in Guangzhou was approximately 8.4 million sq.m. for the six months ended 30 June 2021, representing an increase of approximately 105.2% as compared with that of the same period of 2020.

Taking into account (i) the increasing trend of nominal gross domestic products in Guangzhou; (ii) the recovery of registered leasing floor area of commercial space in Guangzhou for the six months end 30 June 2021; and (iii) the general increasing trend of registered leasing floor area of office space in Guangzhou, we concur with the view of the Directors that the demand for commercial and office space in Guangzhou remains positive and will have a stable growth.

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3. Reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement

As disclosed in the Annual Report, the Group has been diversifying its business and will continue its strategic strategy to diversify the business spectrum and to broaden the revenue base of the Group. Pursuant to the Company's announcement dated 19 September 2017, the Group entered into the subscription agreement to participate in the investment and development of a property situated at Windmill Street, Birmingham, the United Kingdom. Further, on 25 March 2021, the Group entered into a cooperation agreement in respect of subleasing business of certain properties in Guangzhou. We concur with the view of the Directors that the Cooperation Agreement is in the ordinary and usual course of the Group's property development (including subleasing of properties) and investment business.

As stated in the Letter from the Board, leveraging on the previous experience of the Group in property investment and development, the Directors consider that the Cooperation Agreement provides the Group with an opportunity to further diversify and participate in the properties related business in the PRC and broaden its assets and earning base. The Group intends to further develop the subleasing business by entering into the Cooperation Agreement which concerns the Premises situated in Guangzhou, a first-tier city in the PRC, with stable lease market and lower business risk. To maintain the stability of the subleasing business and attract long-term tenants, Qingchuang Lixiang and Shen Meng Investment agreed to a lease term of at least 9 years.

Also, the Directors note that the terms of the cooperation between Qingchuangshe and Shen Meng Investment in respect of the subleasing of the Premises represented a good business opportunity. Based on the information provided by Shen Meng Investment and Qingchuangshe, Shen Meng Investment offered rent-free renovation period to Qingchuangshe during the period from the commencement of the Former Cooperation Agreement to 29 December 2020. According to the management of the Company, as at the Latest Practicable Date, the Premises are still under renovation stage and are expected to be completed in the fourth quarter of 2021. Leveraging on the Group's experience in properties related business and the Group's wider business connections, Qingchuangshe is of the view that the Group will be able to locate more sub-tenants and better develop the subleasing business in respect of the Premises while Qingchuangshe may allocate its resources which are originally reserved for the subleasing business of the Premises to other business opportunities. In view of the above, Qingchuangshe agreed to terminate the Former Cooperation Agreement with Shen Meng Investment such that Qingchuang Lixiang can engage in subleasing business in respect of the Premises and Qingchuang Lixiang agreed to enter into the Reimbursement Agreements.

In light of the above, we have discussed with the management of the Company on the renovation progress of the Premises. As advised by the management of the Company, the Premises has two blocks, of which block A is a two-story building and block B is a three-story building. As stated in the Letter from the Board, Qingchuang Lixiang agreed to invest not less than RMB15 million by the Group's internal resources in renovations of the Premises, of which approximately RMB0.6 million had already been invested by Qingchuangshe under the Former

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Cooperation Agreement and will be reimbursed by Qingchuang Lixiang under the Expense Reimbursement Agreement. According to the management of the Company, as at the Latest Practicable Date, (i) approximately RMB4.5 million of renovation costs had been incurred by Qingchuang Lixiang; and (ii) approximately RMB16.5 million of renovation costs are expected to be incurred by Qingchuang Lixiang.

Taking into account that (i) the Cooperation Agreement is in the ordinary and usual course of the Group's property development (including subleasing of properties) and investment business as stated above; (ii) the reasons for and benefits of the entering of the Cooperation Agreement in this paragraph; and (iii) the demand for commercial and office space in Guangzhou remains positive and is expected to have a stable growth as discussed in the paragraph headed "2. Commercial and office space leasing market in Guangzhou" above in this letter, we are of the view and concur with the view of the Directors that the Cooperation Agreement can broaden the Group's revenue base and offers an opportunity to diversify and participate in the properties related business in the PRC.

4. Principal terms of the Cooperation Agreement, Deposits Reimbursement Agreement and Expenses Reimbursement Agreement

Please refer to the section headed "The Cooperation Agreement" and "The Reimbursement Agreements" in the Letter from the Board for detailed information of the terms of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement.

Cooperation Agreement

As stated in the Letter from the Board, the terms of the Cooperation Agreement (including, among others, the monthly rent, the basis of 3% increment on the monthly rent and a fixed monthly discount of RMB75,000) were determined after arm's length negotiation between Qingchuang Lixiang and Shen Meng Investment and with reference to the prevailing market rent of comparable properties and the expected profit in subleasing of the Premises. We have discussed with the management of the Company that the principal terms of the Cooperation Agreement, as set out in the Letter from the Board, were on normal commercial terms, and in line with the prevailing market practices in the PRC. Furthermore, as discussed with the management of the Company, we are advised that the Company has also considered the principal terms of the Former Cooperation Agreement. We have obtained and reviewed the Former Cooperation Agreement, and discussed with the management of the Company, except for the lease term, the principal terms of the Cooperation Agreement (including but not limited to monthly rent, deposit, manner of payment, and renovation arrangement) are identical to the Former Cooperation Agreement. Having considered (i) the principal terms (except for the lease term) of the Cooperation Agreement are identical to the Former Cooperation Agreement; (ii) the reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement as stated in paragraph headed "3. Reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement" above in this letter; (iii) the principal terms of the

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Cooperation Agreement are on normal commercial terms, fair and reasonable as discussed below in this paragraph; and (iv) the duration of the Cooperation Agreement is on normal commercial term and of normal business practice as analyzed in the paragraph headed “5. Duration of the Cooperation Agreement” below in this letter, we are of the view and concur with the view of the Directors that the principal terms of the Cooperation Agreement being no material different from the Former Cooperation Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Pursuant to the requirement of Rule 14A.70(7) of the Listing Rules, the Company has appointed the Valuer as the independent valuer to make valuation on the Premises. For details, please refer to the valuation report included in the Appendix II Valuation Report in this Circular (the “**Valuation Report**”).

We have reviewed the Valuation Report in respect of the Premises prepared by Roma Appraisals Limited, an independent valuer. We have complied with all the requirements under note (1)(d) to Rule 13.80 of the Listing Rules, in particular, discussed with the Valuer about the expertise of the person signing the Valuation Report, namely, Mr. Frank Wong. After discussion with Mr. Frank Wong, we noted that he (i) is a member and registered valuer of Royal Institution of Chartered Surveyors; and (ii) has over 22 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 14 years of experience in valuation of properties in the PRC. We consider that the responsible person of the Valuer for the Valuation Report has relevant qualification as well as sufficient experience in performing the valuation. We have reviewed the terms of engagement letter and scope of work of the Valuer, and consider that such engagement is under normal commercial terms and the scope of the Valuer’s work is appropriate in conducting the valuation. Furthermore, as at the Latest Practicable Date, the Valuer has confirmed that they do not have (i) any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) any direct or indirect interest in any assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group. Therefore, we consider that the Valuer is independent and has adequate qualification and experience in performing the valuation.

The Valuer stated in its Valuation Report that having considered the market condition and the terms of the Cooperation Agreement, the Valuer is of the opinion that (i) the rent payable under Cooperation Agreement is within the range normally charged in the market; and (ii) the terms of the Cooperation Agreement, including the monthly rent payable, yearly increment of 3% of rent payable, fixed monthly discount and deposits requirement are on normal commercial terms at arm’s length negotiation basis, and are fair and reasonable and in the interest of the Company and Shareholders as a whole.

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As stated in the Valuation Report, the Valuer has valued the market rent of the Premises by the direct comparison approach by making reference to recent rental transaction evidences as available in the relevant property market in Guangzhou City. Comparable properties with similar characteristics are analyzed and carefully weighed against all respective advantages and disadvantages of each property on the factors such as location, accessibility, size, building age, building quality, lease conditions, environment etc., in order to arrive at a fair comparison of rental value. We have discussed with the Valuer and are given to understand that the direct comparison approach is considered the best approach if there is readily identifiable rental transaction for properties with similar nature. In order to assess the fairness and reasonableness of the terms of the Cooperation Agreement and the methodology adopted by the Valuer in the valuation, we have discussed with the Valuer on the exhaustive list of three comparable developments selected by the Valuer (the “**Comparable Developments**”) based on the below selection criteria. We are given to understand that the Comparable Developments are all the relevant warehouse or office located in Haizhu District, Guangzhou, which are in proximity with the Premises, with similar features in terms of locational and physical attributes, and the rental information of which are available. We are also given to understand that the selection criteria adopted by the Valuer which are based on the similarity between the Premises and the Comparable Developments such as location (close proximity to the subject property in Haizhu District, Guangzhou), usage (similar usage as the subject property), accessibility, size, building age (built/ renovated less than 5 years), building quality (modern design with essential ancillary services available), lease conditions, environment and having rental information available, etc., adjustment has been made by the Valuer to reflect the advantages and disadvantages of the attributes such as location, accessibility, building age, building quality, etc. between the Premises and the Comparable Developments, details of which are contained in the Valuation Report. Particulars of the Comparable Developments are listed below:

	Comparable 1	Comparable 2	Comparable 3
Development	B.I.G. Haizhu Bay Art Park* (B.I.G.海珠灣 藝術園區)	Haishangmingzhu Innovation Park* (海尚明珠 智慧園)	Qiaojian Hi-City* (僑建Hi-City)
Address	No. 2, Zhenxing Street, Haizhu District, Guangzhou* (廣州市海珠區 振興大街2號)	No. 10, Zhenxing Street, Haizhu District, Guangzhou* (廣州市海珠區 振興大街10號)	No. 156, Nanzhou Road, Haizhu District, Guangzhou* (廣州市海珠區 南洲路156號)
Year built	2018	2016	2019
Monthly rent (on gross floor area)	RMB115 per square meters (asking)	RMB110 per square meters (asking)	RMB120 per square meters (asking)

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We have reviewed the Comparable Developments in the above table, discussed with the Valuer and are advised that it is a normal practice to select comparable lease developments which are located near to the Premises and make adjustment for differences such as location, accessibility, building age, building quality, etc. of properties, and during the course of discussion, (i) nothing has come to our attention that the selection criteria used and the Comparable Developments provided by the Valuer are not appropriate; and (ii) nothing has come to our attention that the methodology adopted by the Valuer in the valuation are not fair and reasonable.

As stated in the Valuation Report, in the course of the Valuer's valuation, no allowance had been made for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which might be incurred in effecting a lease. Unless otherwise stated, the Valuer had assumed that the Premises were free from encumbrances, restrictions and outgoing of an onerous nature which could affect the market rent. The Valuer assumed the Premises had and would comply with all the planning and building regulations as applicable during the lease term. The Valuer assumed the rental was exclusive of value-added tax, utilities outgoing and management fees; and excluded any estimated rental inflated or deflated by special terms or circumstances such as financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee. In order to assess the fairness and reasonableness of the assumptions adopted by the Valuer in the valuation, we have discussed with the Valuer and given to understand that they have taken into account (i) the legal opinion issued by the Company's PRC legal adviser; (ii) the principal terms of the Cooperation Agreement; and (iii) the inspection on the Premises carried out by them when adopting the assumptions mentioned above. Based on our discussion with the Valuer, and review of the legal opinion issued by the Company's PRC legal adviser and the principal terms of the Cooperation Agreement, nothing has come to our attention that the assumptions adopted by the Valuer in the valuation are not fair and reasonable. Furthermore, as advised by the Valuer, they consider that the monthly rent, the basis of 3% increment on the monthly rent and a fixed monthly discount of RMB75,000 are reasonable for the nature of the Cooperation Agreement under the current economic environment.

Taking into account (i) the increasing trend for registered leasing floor area of commercial and office space in Guangzhou as stated in paragraph headed "2. Commercial and office space leasing market in Guangzhou" above in this letter; (ii) the reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement as stated in paragraph headed "3. Reasons for and benefits of the entering of the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement" above in this letter; (iii) the principal terms of the Cooperation Agreement are not materially different from the Former Cooperation Agreement as discussed in this paragraph; (iv) the valuation on market rent of the Premises is fair and reasonable as discussed in this paragraph; and (v) the duration of the Cooperation Agreement is on normal commercial term and of normal business practice as analyzed in the paragraph headed "5. Duration of the Cooperation Agreement" below in this

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letter, we are of the view and concur with the view of the Directors that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and Shareholders as a whole.

Deposits Reimbursement Agreement

As stated in the Letter from the Board, Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) RMB3 million, being the Rental Deposit; and (ii) RMB3 million, being the Renovation Deposit which Qingchuangshe previously paid to Shen Meng Investment pursuant to the Former Cooperation Agreement. Shen Meng Investment shall return the Deposits to Qingchuang Lixiang after the completion of the renovation of the Premises or the expiry of the Cooperation Agreement, as the case may be. The amount payable under the Deposits Reimbursement Agreement was RMB6 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of the Deposits which was paid by Qingchuangshe to Shen Meng Investment. In light of this, we have discussed with the Valuer and are advised that it is a reasonable practice and reasonable commercial term between the lessor and lessee for such arrangement in arm's length negotiation basis, depending on the nature of leasing.

Furthermore, we have obtained and reviewed (i) the Former Cooperation Agreement, invoices and payment receipts of Rental Deposit and Renovation Deposit made by Qingchuangshe to Shen Meng Investment; and (ii) three-parties agreement signed among Shen Meng Investment, Qingchuangshe and Qingchuang Lixiang that the Rental Deposit and Renovation Deposit will be refunded from Shen Meng Investment to Qingchuang Lixiang after the completion of the renovation of the Premises or the expiry of the Cooperation Agreement, as the case may be. As such, we are of the view that the Group's interest is safeguarded.

Expense Reimbursement Agreement

As stated in the Letter from the Board, Qingchuang Lixiang agreed to reimburse Qingchuangshe (i) approximately RMB1.7 million, being the rental from January 2021 to March 2021; and (ii) approximately RMB0.6 million, being the renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement. The amount payable under the Expense Reimbursement Agreement was approximately RMB2.3 million, which was determined after arm's length negotiations between Qingchuangshe and Qingchuang Lixiang based on the actual amount of expenses (including rentals and renovation costs) which was paid or incurred by Qingchuangshe. We have discussed with the management of the Company regarding the reimbursement of rental expenses and renovation costs incurred by Qingchuangshe. As advised by the management of the Company, they would like to use the existing design and decoration work incurred pursuant to the Former Cooperation Agreement as Qingchuangshe had already spent several months for design and decoration of the Premises and arranged the architect and subcontractors, and Qingchuangshe also agreed to assist the Company in the handover of the renovation project. Therefore, the management of the Company considered that it would help to speed

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up the progress of renovation of the Premises if the Company continued to use the same design and decoration by the existing architect and subcontractors. The Directors also advised that it would further take additional three months and four months for new design and renovations of the Premises respectively if the Company rearranged new architect and subcontractors. Furthermore, the Directors advised that it is fair to reimburse the rental expenses from January 2021 to March 2021 to Qingchuangshe as Qingchuangshe used such period for design and decoration of the Premises and arranged the architect and subcontractors. In light of this, we have further discussed with the Valuer and are advised that it is a reasonable practice and reasonable commercial term between the lessor and lessee for such arrangement in arm's length negotiation basis, depending on the nature of leasing.

Furthermore, we have obtained and reviewed (i) the contracts, invoices and payment receipts of rental from January 2021 to March 2021 and renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement; and (ii) three-parties agreement signed among Shen Meng Investment, Qingchuangshe and Qingchuang Lixiang that rental from January 2021 to March 2021 and renovation costs which Qingchuangshe previously incurred pursuant to the Former Cooperation Agreement will be reimbursed from Qingchuang Lixiang to Qingchuangshe. The Directors confirmed that those parts of renovation where Qingchuangshe incurred costs have completed and usable as at the Latest Practicable Date. As such, we are of the view that the Group's interest is safeguarded.

5. Duration of the Cooperation Agreement

In respect of the duration, the Cooperation Agreement has a term of 9 years and 4 months. We have discussed with the management of the Company that when negotiating the duration of the Cooperation Agreement, they have considered (i) the duration of Qingchuang Tiandi Cooperation Agreement as entered on 25 March 2021 of 11 years; (ii) subleasing of the Premises offers the Group an opportunity to further diversify and participate in the property development and investment in the PRC and broaden its assets and revenue base; and (iii) it is the intention of the Group to deploy certain capital expenditures for renovation of the Premises, which make it commercially desirable for the Group to have a broad and stable lease duration for operation, in order to capture the benefits arising from the investments.

Also, we have discussed with the Valuer on the duration for the Cooperation Agreement. According to the Valuer, it is common for the subleasing operator to seek a relatively longer duration of leasing term up to 10 years or more for this type of leasing which involved substantial capital investment of renovation to the properties in the PRC. As such, the Valuer stated in the Valuation Report that the duration for the Cooperation Agreement is consistent with normal business practice for this type of lease in the PRC.

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In assessing the reasonableness as regards the duration for the Cooperation Agreement, we have also reviewed other lease transactions for properties in the PRC of other companies listed on the Stock Exchange (the “**Lease Term Comparables**”) as announced during the preceding one year prior to and including 31 March 2021, being the date of the Cooperation Agreement and identified an exhaustive list of two Lease Term Comparables which (i) also lease the properties from the lessor and able to subleasing out for rental income; (ii) have the leased properties for commercial and office uses; and (iii) are located in the PRC. We consider that a review period of one year can represent the recent market terms for lease transactions under the recent market condition and sentiment. While the listed companies of the Lease Terms Comparables may have different business size, financial performance and position than the Company, we have set certain criteria above regarding the leasing of properties from the lessor and able to subleasing out for rental income and commercial and office uses of leased properties located in the PRC, thus we consider that the Lease Term Comparables are fair and representative for reflecting the recent market terms for lease transactions in the recent period.

Details of the Lease Term Comparables are set out below:

No.	Name of company	Stock code	Initial announcement	Location of leased property	Lease term
1.	China Properties Investment Holdings Limited	736	22 December 2020	No. 1888, Songze Avenue, Xujing Town, Qingpu District, Shanghai* (上海市青浦區徐涇鎮崧澤大道1888號)	8 years and 5 months
2.	China Tangshang Holdings Limited	674	11 December 2020	Building No. 12, 27, 53, 56, 58, 59, 60 and 61, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing* (北京市北京經濟技術開發區經海三路109號院12號、27、53、56、58、59、60及61號樓)	10 years

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No.	Name of company	Stock code	Initial announcement	Location of leased property	Lease term
				Room 108 and 110 on the first floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing* (北京市北京經濟技術開發區經海三路109號院69號樓1層108及110室)	10 years
				Room 101 and 102 on the first floor and the second floor of Building No. 69, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing* (北京市北京經濟技術開發區經海三路109號院69號樓1層101及102室及2層)	15 years
				Building No. 52, No. 109 Jinghaisanlu, Beijing Economic Technological Development Area, Beijing* (北京市北京經濟技術開發區經海三路109號院52號樓)	16 years and 3 months
	The Company	1662	31 March 2021	No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou* (廣州市海珠區工業大道南路振興大街4號)	9 years and 4 months

Source: Website of the Stock Exchange (www.hkex.com.hk)

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As shown in the table above, the duration for Lease Term Comparables ranged from 8 years and 5 months to 16 years and 3 months. Accordingly, the duration of the Cooperation Agreement falls within the range of Lease Term Comparables.

Based on the above, we are of the view that the term of 9 years and 4 months under the Cooperation Agreement is a normal commercial term for a transaction of this nature and it is normal business practice for contracts of this type to be of such duration.

6. Financial effect of the Group

Investment properties and lease liability

The Cooperation Agreement is long-term lease for a duration of 9 years and 4 months. As stated in the Annual Report and according to the management of the Company, (i) the value of the Premises recognised as right-of-use assets and presented within investment properties in the consolidated statement of financial position was approximately HK\$65.5 million as at 31 March 2021, being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Cooperation Agreement in accordance with Hong Kong Financial Reporting Standards 16; and (ii) the discount rate of approximately 5.22% is applied to compute the present value of the aggregate lease payments under the Cooperation Agreement.

Pursuant to the Annual Report and according to the management of the Company, approximately HK\$65.5 million of Premises' lease liability was recognised as at 31 March 2021. After initial recognition of the right-of-use assets and lease liability, the right-of-use assets that meet the definition of investment property are presented within "investment properties" and are initially measure at cost. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Despite the lease payment, revenue is expected to be generated from the subleasing of the Premises upon completion of the renovation work. We are of the view and concur with the view of the management of the Company that the future revenue generated from the Premises will broaden the revenue base of the Group.

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Cash flow

The Group currently intends to finance the estimated total capital commitment for the Premises of approximately RMB70.7 million (including monthly rent and other relevant expenses but excluding the Deposits and renovation cost of the Premises) under the Cooperation Agreement by the Group's internal sources of fund and revenue generated from the Premises. The Directors have confirmed that, after taking into consideration the financial resources available to the Group including internally generated funds, the Group will have sufficient working capital for its requirements for at least 12 months from the date of publication of this Circular.

RECOMMENDATION

Having taken into consideration of the above factors and reasons, we are of the view and concur with the view of the management of the Company that (i) the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement are in the ordinary and usual course of the Group's business; and (ii) the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the EGM to approve the Cooperation Agreement, Deposits Reimbursement Agreement and Expense Reimbursement Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Dakin Capital Limited
Tam Kin Fong
Managing Director

Note: Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

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

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Interests and Short Positions of Directors' and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at the Latest Practicable Date, the interests of Directors and chief executive of the Company in the shares, underlying shares and debentures (within the meaning of Part XV of the SFO) of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be

kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code are listed as follows:

(a) Long position in Shares

Name of Director	Capacity/nature of interest	Number of Shares interested	Approximate percentage of shareholding interests of our Company
Mr. Jim	Interest in a controlled corporation (<i>Note</i>)	191,250,000 Shares	38.25%
Mr. Chui Mo Ming	Beneficial owner	138,750,000 Shares	27.75%
Mr. Xu JunMin	Beneficial owner	27,000,000 Shares	5.40%
Mr. Wang Jian	Beneficial owner	20,000,000 Shares	4.00%

(b) Long position in JJ1318, an associated corporation of the Company

Name of Director	Capacity/nature of interest	Approximate percentage of shareholding interests of our Company
Mr. Jim	Beneficial owner (<i>Note</i>)	100%

Save as disclosed above, none of the Directors, chief executives of the Company and/or any of their respective associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as at the Latest Practicable Date which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interests and Short Positions of Substantial Shareholders in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares, underlying Shares and debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows.

(a) Long positions in the Shares:

Name	Capacity/nature of interest	Number of Shares interested	Approximate percentage of shareholding interests of our Company
JJ1318	Beneficial owner	191,250,000 Shares	38.25%

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased

to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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 was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of Directors in the business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Directors	Competing companies	Nature of interests	Nature of competing business
Mr. Jim	HKQCH and its direct and indirect subsidiaries For more information, please refer to the section headed "Information of the Parties"	Director of HKQCH and its direct and indirect subsidiaries	Leasing of properties and provision of property management service For more information, please refer to the section headed "Information of the Parties"
Mr. Yan	HKQCH For more information, please refer to the section headed "Information of the Parties"	Director of HKQCH	Leasing of properties and provision of property management service For more information, please refer to the section headed "Information of the Parties"

Save as the aforesaid, as at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated accounts of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinions or advise contained in this circular:

Name	Qualification
Dakin Capital Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Roma Appraisals Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and/or opinion (as the case may be) and reference to its name in the form and context in which they appear. The letter and/or report given by each of the above experts is given as of the date of this circular for incorporation herein.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Units 1104–1106, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Cooperation Agreement;
- (b) the Deposits Reimbursement Agreement;

- (c) the Expense Reimbursement Agreement;
- (d) the Former Cooperation Agreement;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page IBC-1 to IBC-2 of this circular;
- (f) the letter from the Independent Financial Adviser to the to the Independent Board Committee and the Independent Shareholders the text of which is set out on page IFA-1 to IFA-19 of this circular;
- (g) the valuation report in respect of the Premises, the text of which is set out in Appendix II to this circular;
- (h) the written consents referred to in the paragraph headed “7. Qualification and consent of experts” in this appendix; and
- (i) this circular.

9. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its opinion of the market rental value of the property to be leased by the Group as at 31 March 2021.



22/F, China Overseas Building
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
<http://www.romagroup.com>

The Board of Directors
Yee Hop Holdings Limited
Units 1104–1106,
Nan Fung Commercial Centre,
19 Lam Lok Street,
Kowloon Bay, Kowloon,
Hong Kong

Dear Sirs/Madams,

Re: Market rent valuation of the property situated at No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou City, Guangdong Province, the People’s Republic of China

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions of Yee Hop Holdings Limited (the “**Company**”) for us to assess the market rent of the captioned property to be leased by the Company and/or its subsidiaries (together with the Company referred to as the “**Group**”) situated in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market rent of the property as at 31 March 2021 (the “**Valuation Date**”) for public disclosure purpose.

VALUATION STANDARDS

Our valuation is prepared in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council; and complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation is our opinion of market rent which is defined by the International Valuation Standards as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

We have valued the market rent of the property by the direct comparison approach by making reference to recent rental transaction evidences as available in the relevant property market in Guangzhou City. Comparable properties with similar characteristics are analyzed and carefully weighed against all respective advantages and disadvantages of each property on the factors such as location, accessibility, size, building age, building quality, lease conditions, environment etc., in order to arrive at a fair comparison of rental value.

VALUATION ASSUMPTIONS

In the course of this valuation, no allowance has been made for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a lease. Unless otherwise stated, we have assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the market rent. We assumed the property has and will comply with all the planning and building regulations as applicable during the lease term. We assumed the rental is exclusive of value-added tax (“VAT”), utilities outgoings and management fees; and excluded any estimated rental inflated or deflated by special terms or circumstances such as financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on matters such as identification of the property, floor areas and all other relevant matters which can affect the market rent of the property. All documents have been used for reference only. We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have been provided by the Company with copies of extracts of title documents in relation to the property. However, under the current land registration system of the PRC, we are not able to conduct title search to verify the original of such documents have been registered with the relevant official authorities, and we have not scrutinized the original documents to verify any amendment which may not appear on the copies handed to us. Thus, in the course of our valuation, we have relied on the advices and information regarding the property title status as well as the validity and legality of the proposed lease provided by the Company and the Company's PRC legal adviser, Zhuoxin Law Firm. All information of such documents disclosed in this report have been used for reference only and we do not assume any liability to any matters in relation to interpretation or the legality of such documents.

INSPECTION AND INVESTIGATIONS

We have inspected the exterior and endeavored to inspect the interior of the property where possible. During the course of our inspection, no structural survey has been made in respect of the property and we did not notice any serious defects. We are not able to report that the property is free from rot, infestation or any other structural defects. No test was carried out on any of the building services. We have not carried out any land investigation or environmental surveys but during our inspection we did not notice and have not been advised of any evidence of environmental concerns such as existing/potential contamination or any form of hazard, and therefore we assumed none of such exists. We have not carried out on-site measurement to verify the floor and site areas of the property, we have assumed that the area information shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas reported in this valuation report are based on information contained in the documents provided to us by the Company and are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi ("RMB"), the lawful currency of the PRC.

REMARK

In this valuation report, the English names of the PRC addresses or entities are translations of their Chinese names, and are for identification purposes only. In case of any inconsistency, the Chinese names shall prevail.

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Frank F. Wong
BA (Business Admin in Acct/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Director

Note: Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 22 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 14 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.

VALUATION CERTIFICATE

Property to be leased by the Group for investment in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Rent in existing state as at 31 March 2021
No. 4 Zhenxing Street South Gongye Avenue Haizhu District Guangzhou City Guangdong Province the PRC 中國廣東省 廣州市海珠區 工業大道南路 振興大街4號	The property comprises a two-storey aged warehouse development, as per information provided by the Company, the property (before renovation) has a gross floor area (“GFA”) of about 4,600.1 sq.m. and a site area of about 9,902.8 sq.m.. As advised by the Company, the property is under renovation which expected to be completed in Q4 2021. Upon completion, the property will be sub-divided into three-stories for workshop and office uses; the GFA for sub-leasing will be about 15,000 sq.m..	As at the Valuation Date, the property was under renovation. Refer to Note No. 3 for details.	RMB600,000 per month, exclusive of VAT, management fees and other outgoings.

Notes:

- The property is situated on the junction of Zhenxing Street and Lijiao Road and the northern side of Pearl River and accessible mainly by franchised buses and vehicles via Zhenxing Street. The surrounding locality of the property mainly comprising aged warehouses and industrial developments. As a main theme of the city development plan, the Haizhu district government is actively inviting and providing incentives to investors to redevelop or revitalize the aged warehouses and industrial developments into modern offices, workshops and retail developments. The area is proposed to be revitalized into a hub of innovation industries and the achievable sale price and rental value is reasonably expected to increase in the future.
- As instructed by the Company, our valuation is based on the assumption that the property is to be leased for a term of 9 years and 4 months with a yearly increment of 3%, a fixed monthly discount of RMB75,000 and exclusive of VAT, management fees and other outgoings.

3. As advised by the Company, as at the Valuation Date, the property was subjected to a tenancy lease for a term of 9 years and 10 months from 25 September 2020 with a monthly rent of RMB600,000 which has been agreed to terminate as effective on 31 March 2021; and the property is to be leased by Guangzhou Qingchuang Lixiang Commercial Operation Management Co., Ltd. (廣州青創理想商業運營管理有限公司) (“**Qingchuang Lixiang**”), an indirect non wholly-owned subsidiary of the Company, from Shen Meng Investment Group Co., Ltd. (深圳市深夢投資集團有限公司) (“**Shen Meng Investment**”) for a term of 9 years and 4 months from 31 March 2021 for a monthly rent of RMB600,000 with a yearly increment of 3% and a fixed monthly discount of RMB75,000. As per information provided by the Company, the renovation cost is estimated at about RMB21 million.
4. We have been provided with a legal opinion issued by the Company’s PRC legal adviser, Zhuoxin Law Firm, which contains, inter-alia, the following opinions:
- i. Shen Meng Investment is legally entitled to lease the property to Qingchuang Lixiang;
 - ii. The renovation project has obtained approval and consent from the relevant local government authorities although the original usage will be changed; and
 - iii. Qingchuang Lixiang is legally entitled to lease the property after the renovation works completed.
5. The property was inspected by our Ms. Vinci Q. J. Hou, MSc in Science, with over 8 years of property valuation experience in the PRC in July 2021.
6. In the course of providing our rental opinion, we have analyzed the relevant warehouse/office market in Guangzhou City. We have identified a number of relevant developments in Guangzhou and based on several selection criteria, which included location (close proximity to the subject property in Haizhu District), usage (similar usage as the subject property), building quality (modern design with essential ancillary services available), age (built/renovated less than 5 years) and with rental information available, we have identified three developments for comparison purpose based on the selection criteria, on a best-effort and exhaustive basis. The three comparable developments included BIG Haizhu Bay Art Park (“**Comparable A**”), Haishangmingzhu Innovation Park (“**Comparable B**”) and Qiaojian Hi-City (“**Comparable C**”). The unit rents of the developments considered ranged from RMB110 to RMB120 per month per sq.m. on GFA basis. Details of the comparable developments considered and adjustments are summarized below:

	Comparable A	Comparable B	Comparable C
Development	BIG Haizhu Bay Art Park	Haishangmingzhu Innovation Park	Qiaojian Hi-City
Address	No. 2 Zhenxing Street, Haizhu District	No. 10 Zhenxing Street, Haizhu District	No. 156 Nanzhou Road, Haizhu District
Year built	2018	2016	2019
Monthly Rent (on GFA)	RMB115 per sq.m. (asking)	RMB110 per sq.m. (asking)	RMB120 per sq.m. (asking)

Adjustments were made to reflect the advantages and disadvantages of the attributes such as location, accessibility, building age, building quality, etc., between the comparable developments and the subject property. Upward adjustment was made if the attribute of the comparable development is considered inferior to the subject property and vice versa. As the rental unit rates of the Comparable are asking, downward adjustments were made on all Comparable for premium after negotiation. Downward adjustment on location was made for Comparable 3 as it has superior accessibility to public transportation and no adjustment on location was made for Comparable 1 and 2 as they are situated close to the subject property. By considering the renovation which expected to be completed in Q4 2021, we have applied upward adjustments for building age and quality on all the Comparable.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



Yee Hop Holdings Limited

義合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1662)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Yee Hop Holdings Limited (the “Company”) will be held at Units 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 24 September 2021, at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

Unless otherwise specified, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 3 September 2021.

ORDINARY RESOLUTION

“**THAT:**

1. subject to the passing of resolutions (2) and (3), the Cooperation Agreement (a copy of which has been produced to the EGM and marked “A”, all initialled by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and each of the directors of the Company be and is hereby authorised to do all such acts and things and to sign, agree, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Cooperation Agreement and the transactions contemplated thereunder;
2. subject to the passing of resolutions (1) and (3), the Deposits Reimbursement Agreement (a copy of which has been produced to the EGM and marked “B”, all initialled by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and each of the directors of the Company be and is hereby authorised to do all such acts and things and to sign, agree, ratify or execute all such documents and

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Deposits Reimbursement Agreement and the transactions contemplated thereunder; and

3. subject to the passing of resolutions (1) and (2), the Expense Reimbursement Agreement (a copy of which has been produced to the EGM and marked “C”, all initialled by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified, and each of the directors of the Company be and is hereby authorised to do all such acts and things and to sign, agree, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Expense Reimbursement Agreement and the transactions contemplated thereunder.

By order of the Board
Yee Hop Holdings Limited
Jim Yin Kwan Jackin
Chairman and Executive Director

Hong Kong, 3 September 2021

Registered Office:

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarter, head office and principal place of business in Hong Kong:

Units 1104–1106
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his/her/its stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at least forty-eight (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 a member from attending and voting in person if he/she/it is subsequently able to be present. In such event, the form of proxy shall be deemed to be revoked.
3. For the purpose of holding the EGM, the register of members of the Company will be closed from Monday, 20 September 2021 to Friday, 24 September 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 17 September 2021.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If typhoon signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.yee-hop.com.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
6. Any voting at the EGM shall be taken by poll. On a poll, every shareholder present at the meeting shall be entitled to one vote for every fully paid-up share of which he/she/it is the holder. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was so required or demanded.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. In the event of any inconsistency, the English version of this notice shall prevail over the Chinese version.

As at the date of this notice, the Directors of the Company are:

Executive Directors:

Mr. Jim Yin Kwan Jackin (*Chairman*)
Mr. Chui Mo Ming (*Vice-chairman*)
Mr. Yan Chi Tat (*Chief Executive Officer*)
Mr. Leung Hung Kwong Derrick
Mr. Xu JunMin

Non-executive Director:

Mr. Wang Jian

Independent Non-executive Director:

Mr. Lee Luk Shiu
Mr. Yu Hon Kwan
Mr. Wong Chi Keung Johnny

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

The health of the Company's shareholders, staff and stakeholders is of paramount importance to the Company. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company encourages each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she/it is welcome to send such question or matter in writing to the Company's registered office or to the Company's email at info@yee-hop.com.hk. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
HK Tel: (852) 2980 1333
Fax: (852) 2810 8185