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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 TRANSACTIONS – DEEMED PARTIAL DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

THE DEEMED PARTIAL DISPOSAL

On 2 September 2021, BGI Marine (an indirect non-wholly owned subsidiary of the Company), Jiangsu Jibeier and the Target Company (an indirect subsidiary of the Company entirely owned by BGI Marine before the Capital Investment) entered into the Capital Investment and Cooperation Agreement, pursuant to which Jiangsu Jibeier conditionally agreed to contribute RMB60 million to the Target Company, of which approximately RMB12.9 million was paid and contributed as the registered capital of the Target Company (representing approximately 30.0% of the total registered capital of the Target Company after the Capital Investment) and approximately RMB47.1 million was injected and accounted for as capital reserve of the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

Following the completion of the Capital Investment, the shareholding of the Group in the Target Company will be diluted from 100% to approximately 70.0%. The Capital Investment constituted deemed partial disposal of the Group's shareholding in the Target Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Partial Disposal is more than 5% but less than 25%, the transactions contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE DEEMED PARTIAL DISPOSAL

On 2 September 2021, BGI Marine (an indirect non-wholly owned subsidiary of the Company), Jiangsu Jibeier and the Target Company (an indirect subsidiary of the Company entirely owned by BGI Marine before the Capital Investment) entered into the Capital Investment and Cooperation Agreement, pursuant to which Jiangsu Jibeier conditionally agreed to contribute RMB60 million to the Target Company, of which approximately RMB12.9 million was paid and contributed as the registered capital of the Target Company (representing approximately 30.0% of the total registered capital of the Target Company after the Capital Investment) and approximately RMB47.1 million was injected and accounted for as capital reserve of the Target Company.

Principal terms of the Capital Investment and Cooperation Agreement

The principal terms of the Capital Investment and Cooperation Agreement are set out below:

Date: 2 September 2021

Parties: (1) BGI Marine;
(2) Jiangsu Jibeier; and
(3) the Target Company.

Capital injection by BGI Marine: According to the Capital Investment and Cooperation Agreement, within ten days of the execution of the Capital Investment and Cooperation Agreement and prior to the capital injection by Jiangsu Jibeier, BGI Marine shall fully paid up RMB30 million as registered capital of the Target Company, which had been subsequently applied by the Target Company as the consideration to BGI Marine for the transfer of the R&D Assets from BGI Marine to the Target Company for the research and development of the Marine Drug.

Capital injection by Jiangsu Jibeier:	<p>Pursuant to the Capital Investment and Cooperation Agreement, Jiangsu Jibeier conditionally agreed to contribute RMB60 million to the Target Company, of which approximately RMB12.9 million was paid and contributed as the registered capital of the Target Company (representing approximately 30.0% of the total registered capital of the Target Company after the Capital Investment) and approximately RMB47.1 million was injected and accounted for as capital reserve of the Target Company.</p> <p>The amount of the capital injection by Jiangsu Jibeier was determined after arm's length negotiations between the parties to the Capital Investment and Cooperation Agreement with reference to the business prospects and business expansion of the Target Company, and the then estimated valuation of the entire equity interest of the Target Company of not less than RMB140 million. Upon completion of the Capital Investment and as at the date of this announcement, the Target Company had a registered capital of RMB42.9 million (and capital reserve of RMB47.1 million) and was owned as to approximately 70.0% by BGI Marine and approximately 30.0% by Jiangsu Jibeier.</p>
Use of the capital injected:	<p>Under the Capital Investment and Cooperation Agreement, the Target Company shall apply the capital injected by Jiangsu Jibeier only towards the research and development of the Marine Drug and the ordinary course of its business operation.</p>
Respective rights and obligations of the parties:	<p>BGI Marine shall be responsible for the research and development of the Marine Drug, whereas Jiangsu Jibeier is entitled to enquire about the progress of such research and development but shall not interfere with the same.</p>
Management structure of the Target Company after the Capital Investment:	<p>Pursuant to the Capital Investment and Cooperation Agreement, the board of directors of the Target Company shall consist of three members, of which BGI Marine is entitled to nominate two directors and Jiangsu Jibeier is entitled to nominate one director. The chairman of the board of directors of the Target Company shall be nominated by BGI Marine.</p>
Conditions Precedent:	<p>The payment obligations of Jiangsu Jibeier was conditional upon the fulfilment or waiver (as the case may be) of the following conditions:</p> <p>(1) the Capital Investment and Cooperation Agreement having been signed and become effective;</p>

- (2) BGI Marine having provided documentary proof of (i) the increase of the Target Company's registered capital to RMB30 million and BGI Marine holding 100% equity interest in the Target Company before the Capital Investment; (ii) the agreements in relation to the transfer of the R&D Assets from BGI Marine to the Target Company at a consideration of RMB30 million and BGI Marine having submitted its application for transferring the relevant patents in respect of the Marine Drug under the R&D Assets to the Target Company to the China National Intellectual Property Administration (國家知識產權局) or other applicable institutions; and (iii) payment of all the capital injection by BGI Marine in the Target Company; and
- (3) the valuer having issued a valuation report which values of the entire equity interest of the Target Company at not less than RMB140 million.

Repurchase of shares upon unsuccessful development of the Marine Drug: In the event that the Target Company fails to obtain a permission of clinical trial from the National Medical Products Administration (國家藥品監督管理局) or its authorised departments for the Marine Drug by 30 June 2023, the research and development of the Marine Drug will be deemed unsuccessful, in which case Jiangsu Jibeier is entitled to give notice within two months to request that BGI Marine should repurchase Jiangsu Jibeier's entire equity interest in the Target Company at a consideration equivalent to the actual amount of the capital injection by Jiangsu Jibeier (without interest) within 60 calendar days from the date of the notice.

Future cooperation if the permission of clinical trial is granted: After the Target Company has obtained the permission of clinical trial from the National Medical Products Administration (國家藥品監督管理局) or its authorised departments, BGI Marine and Jiangsu Jibeier shall negotiate for the terms of future cooperation within 60 calendar days, which may be in the following manner:

- (1) either BGI Marine or Jiangsu Jibeier may acquire the other party's entire equity interest in the Target Company (together with the benefits arising from the research and development of the Marine Drugs) at a consideration to be determined to the satisfaction of the other party, with the first offer by BGI Marine being not less than RMB300 million;
- (2) BGI Marine and Jiangsu Jibeier may sell their respective equity interest in the Target Company to a third party, subject to the exercise of the right of first refusal of the other party to acquire such equity interest on the same terms as those offered to the third party; and
- (3) BGI Marine and Jiangsu Jibeier may enter into written agreement in relation to the further investment for the clinical trial and relevant research and development of the Marine Drug.

INFORMATION ABOUT THE GROUP AND 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 (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) research and development and breeding, sales and trading of aquatic products in the PRC, and (iii) sub-leasing business 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, expand resources on research and development of marine functional products and marine innovative drugs through its non-wholly owned subsidiary, BGI Marine.

BGI Marine

BGI Marine is an indirect non-wholly owned subsidiary of the Company. It is an integrated technological-based aquaculture group adopting state-of-the-art breeding technology of aquatic products. It is principally engaged in the research, breeding, sales and trading of aquatic products. As at the date of this announcement, BGI Marine was owned as to 70% indirectly by the Company and 30% directly by Mr. Xu JunMin, an executive Director and a connected person of the Company.

Jiangsu Jibeier

Jiangsu Jibeier is a company established with company limited by shares under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 688566). It is principally engaged in the research, development and manufacturing of pharmaceutical products. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Jiangsu Jibeier and its ultimate beneficial owner are all Independent Third Parties.

The Target Company

The Target Company is an indirect subsidiary of the Company entirely owned by BGI Marine before the Capital Investment. It is principally engaged in research and development of biomedical technology.

The unaudited total assets value and net liability of the Target Company as at 31 August 2021 were approximately RMB151,000 and approximately RMB725,000, respectively. The unaudited net loss before and after taxation of the Target Company for the period from the date of its incorporation to 31 August 2021 was approximately RMB725,000.

REASONS FOR AND BENEFITS OF THE DEEMED PARTIAL DISPOSAL

Reference is made to the annual report 2020/2021 of the Company, which discloses that, the Company intends to use genetic modification for biosynthetic exploration to provide new solutions to tackle the bottleneck of drug sources, expand resources on research and development of marine functional products and marine innovative drugs through BGI Marine. As part of the strategy to continue exploring strategic cooperation with potential entities in the worldwide market to acquire a larger market share in the marine biopharmaceutical market, this cooperation with Jiangsu Jibeier will help BGI marine expedite the research and development of marine drugs for major human diseases such as tumors and cancer.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Investment and Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DEEMED PARTIAL DISPOSAL

Upon completion of the Deemed Partial Disposal, the Company's indirect equity interest in the Target Company will be reduced from 100% to 70.0%, resulting in a deemed partial disposal of approximately 30.0% interest therein. The Target Company will remain a subsidiary of the Company, and its results, assets and liabilities will continue to be consolidated into the consolidated financial statements of the Group. As the Deemed Partial Disposal does not result in a change of control, no gain or loss will be recognised in the Group's consolidated statement of profit or loss.

IMPLICATIONS UNDER THE LISTING RULES

Following the completion of the Capital Investment, the shareholding of the Group in the Target Company will be diluted from 100% to approximately 70.0%. The Capital Investment constituted deemed partial disposal of the Group's shareholding in the Target Company under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Partial Disposal is more than 5% but less than 25%, the transactions contemplated thereunder constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Company did not timely comply with the relevant announcement requirements under Rule 14.34 of the Listing Rules at the relevant time, i.e. on 2 September 2021, the date on which the announcement obligation on the Company was triggered when the Capital Investment and Cooperation Agreement was entered into and one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Partial Disposal exceeded 5% and constituted a discloseable transaction of the Company. The Company acknowledges that the notification and announcement requirements in respect of the Deemed Partial Disposal as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight.

The Company and the Board apologize for any inconvenience caused to investors due to the non-compliance issues. In the future, the Directors will ensure that any similar transactions of the Company will be reported and disclosed in accordance with Chapter 14 of the Listing Rules. To ensure compliance with the requirements under Chapter 14 of the Listing Rules in this respect, the Company will take the following corporate governance measures:

1. the Company will provide additional guidance and training to the Directors, senior management and other relevant personnel of the Group (including the legal representatives and directors of all PRC subsidiaries) regarding, in particular, (i) identification of notifiable transactions in accordance with the Listing Rules; (ii) the appropriate calculation of the percentage ratios relating to notifiable transactions under the Listing Rules; and (iii) the notification, publication and shareholders' approval requirements (as the case may be) of notifiable transactions, in order to strengthen their knowledge and awareness in relation thereto;

2. ongoing trainings will be developed and provided by the Company’s external advisers to the Directors, senior management and relevant employees of the Group to familiarise them with the legal and regulatory requirements applicable to the business operations of the Group and to enhance their awareness and knowledge on the latest development of the Listing Rules; and
3. The Company will seek legal advice from time to time as and when necessary.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“BGI Marine”	Shenzhen BGI Marine Sci & Tech Co., Ltd.* (深圳華大海洋科技有限公司), a company established with limited liability under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“Capital Investment and Cooperation Agreement”	the capital investment and cooperation agreement entered into by BGI Marine, Jiangsu Jibeier and the Target Company on 2 September 2021 in relation to the Deemed Partial Disposal
“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
“Deemed Partial Disposal” or “Capital Investment”	the deemed partial disposal by BGI Marine of its approximately 30.0% equity interest in the Target Company by way of Jiangsu Jibeier’s contribution of approximately 30.0% of the enlarged registered capital of the Target Company in consideration of its capital injection therein
“Director(s)” or “Board”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“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
“Jiangsu Jibeier”	Jiangsu Jibeier Pharmaceutical Co., Ltd. (江蘇吉貝爾藥業股份有限公司), a company established with limited liability under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 688566)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marine Drug”	a type of new marine small-molecule drug to be developed jointly by BGI Marine and Jiangsu Jibeier through the Target Company which is intended to be used in the treatment of tumours
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“R&D Assets”	the patents, research results, equipment and other assets transferred from BGI Marine to the Target Company for the purpose of research and development of the Marine Drug
“Share(s)”	share(s) in the Company
“Shareholder(s)”	holders of the Shares from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Shenzhen Huahong Marine Biological Medicine Co., Ltd.* (深圳華泓海洋生物醫藥有限公司), a company established with limited liability under the laws of the PRC and an indirect subsidiary of the Company entirely owned by BGI Marine before the Capital Investment

“%” per cent.

In this announcement, 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.*

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

Hong Kong, 12 October 2021

As at the date of this announcement, the executive Directors are Mr. Jim Yin Kwan Jackin, Mr. Chui Mo Ming, Mr. Yan Chi Tat, Mr. Leung Hung Kwong Derrick and Mr. Xu JunMin; non-executive Director is Mr. Wang Jian; and the independent non-executive Directors are Mr. Lee Luk Shiu, Mr. Yu Hon Kwan and Mr. Wong Chi Keung Johnny.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.