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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)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by Yee Hop Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Company for the six months ended 30 September 2021 (the “**2021 Interim Period**”) and the information currently available to the Board, the Group is expected to record a loss before taxation of not more than HK\$18 million for the 2021 Interim Period as compared with a profit before taxation of approximately HK\$13.4 million recorded for the six months ended 30 September 2020 (the “**2020 Corresponding Period**”).

The Board considers that the deterioration in the performance of the Group in the 2021 Interim Period is mainly attributable to the combined effect of the following factors:

- (i) the absence of Government grants in the 2021 Interim Period as compared to the receipt in the 2020 Corresponding Period of a total of approximately HK\$14.0 million Government grants under the “Anti-epidemic Fund” and the “Employment Support Scheme” which were set up after the outbreak of the coronavirus disease (COVID-19) in 2019;

- (ii) the significant loss suffered by Shenzhen BGI Marine Sci & Tech Co., Ltd.* (深圳華大海洋科技有限公司) (“**BGI Marine**”) (an indirect non-wholly owned subsidiary of the Company) following the decline in its gross profit derived from the trading of aquatic products as a result of the spread of the COVID-19 globally, which significantly disrupted the supply chain and restricted the import of aquatic products to the PRC;
- (iii) the increase in impairment losses of goodwill and property, plant and equipment as well as expected credit loss on trade receivables attributable to BGI Marine as a result of its deterioration in the gross profit derived from the trading of aquatic products;
- (iv) the increase in interest expenses on lease liabilities of approximately HK\$3.9 million following the entering of two cooperation agreements in relation to sub-leasing of premises by the Company’s indirect non wholly-owned subsidiaries in the PRC during the 2021 Interim Period (Please refer to the announcement dated 25 March 2021 and 31 March 2021 published by the Company for details); and
- (v) the recognition of a one-off gain of approximately HK\$30.45 million resulting from the settlement of a claim in the 2021 Interim Period. Please refer to the announcement dated 15 September 2021 published by the Company for details.

The Company has yet to finalise the interim results of the Group for the 2021 Interim Period. The financial results of the Group for the 2021 Interim Period will only be ascertained after all the relevant results and accounting treatments are finalized. Since the Group’s financial performance may also be affected by other factors such as valuation of the Group’s assets and liabilities which may result in recognition of additional impairment loss and/or provision, the Company will make further announcement if further material financial information is available.

The information in this announcement is only based on the Board’s preliminary assessment of the information currently available to the Board and the unaudited consolidated management accounts of the Group for the 2021 Interim Period, which has not been reviewed by the Company’s Audit Committee and Auditors. The information contained in this announcement may be different from the actual financial information to be published. Further details of the financial information of the Group will be disclosed in the interim results announcement and the interim report of the Company to be published in accordance with the Listing Rules.

Business Update

Reference is made to the announcement of the Company dated 12 October 2021, which discloses that, Jiangsu Jibeier Pharmaceutical Co., Ltd.* (江蘇吉貝爾藥業股份有限公司) (“**Jiangsu Jibeier**”) has injected RMB60 million into Shenzhen Huahong Marine Biological Medicine Co., Ltd* (深圳華泓海洋生物醫藥有限公司) (“**Huahong**”), an indirect subsidiary of the Company, to help BGI Marine to expedite the research and development of marine drugs for major human diseases such as tumors and cancer. Based on a valuation report issued by the valuer engaged by Jiangsu Jibeier, the values of the entire equity interests of Huahong is not less than RMB140 million. The Group will continue to focus on the marine biopharmaceutical market and explore strategic cooperation with other potential investors to expediate the research and development of marine drugs as marine biopharmaceutical business would potentially enhance the earnings of the Group and the returns to the shareholders in the long run.

For our core business foundation and tunneling works, during the six months ended 30 September 2021, the Group has been awarded construction projects with the total original contract sum of approximately HK\$460.8 million of which 8 projects relate to foundation works and 1 project relate to tunneling works. And as at 30 September 2021, the Group had 27 projects on hand with the outstanding original contract value amounted to approximately HK\$811.4 million (as at 31 March 2021: HK\$553.8 million) to be completed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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, 22 November 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Jim Yin Kwan Jackin, Mr. Chui Mo Ming, Mr. Yan Chi Tat, Mr. Leung Hung Kwong Derrick and Mr. Xu JunMin; the 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.