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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)

**MAJOR TRANSACTION –
DISPOSAL OF 70% EQUITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY
OF THE COMPANY**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the board of directors of the Company is set out on pages 4 to 13 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

21 January 2022

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DEFINITIONS

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

“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;
“Completion”	completion of the Disposal;
“Consideration”	the total consideration of RMB86 million payable under the Disposal pursuant to the Sale and Purchase Agreement;
“Dabaihui”	Dabaihui Shiye Group Company Limited* (大百匯實業集團有限公司), a company established in the PRC with limited liability;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Sale Equity Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Escrow Account”	an escrow account to be opened and operated jointly by the Vendor and the Purchaser in a licensed bank in the PRC for stake-holding the Consideration pursuant to the terms of the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“HKQCH”	Hong Kong Qing Chuang Holdings Limited, a company incorporated in Hong Kong with limited liability;
“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;

DEFINITIONS

“JJ1318”	JJ1318 Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Jim;
“Latest Practicable Date”	17 January 2022, 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;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules;
“Mr. Chui”	Mr. Chui Mo Ming, an executive Director and a substantial shareholder (has the meaning ascribed to it under the Listing Rules) of the Company;
“Mr. Jim”	Mr. Jim Yin Kwan Jackin, an executive Director and a controlling shareholder (has the meaning ascribed to it under the Listing Rules) of the Company;
“Mr. Xu”	Mr. Xu Junmin, the director and legal representative of the Target Company and the ultimate beneficial owner of 30% equity interest in the Target Company. Mr. Xu is an executive Director and a Shareholder holding 27,000,000 Shares as at the Latest Practicable Date (representing 5.4% of the total issued Shares);
“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;
“Purchaser”	Shenzhen City Dabaihui Ocean Technology Company Limited* (深圳市大百匯海洋科技有限公司), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 December 2021 entered into between the Vendor, the Purchaser, the Target Company and Mr. Xu in relation to the Disposal;

DEFINITIONS

“Sale Equity Interest”	the registered capital of RMB70 million of the Target Company, representing 70% of the entire equity interest of the Target Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) in the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Shenzhen BGI Marine Sci & Tech Co., Ltd.* (深圳華大海洋科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company before the Disposal;
“Target Group”	the Target Company and its subsidiaries;
“Target Group Liabilities”	collectively, as at the date of the Sale and Purchase Agreement, (i) the liabilities (including loans and trade payables) owed by members of the Target Group to the Purchaser in the amount of approximately HK\$17 million, (ii) the bank loan in the amount of RMB22 million which is secured by corporate guarantee of the Company; and (iii) the loan owed by a member of the Target Group to an Independent Third Party in the principal amount of HK\$11.5 million with interest;
“Vendor”	YH Global Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“%”	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

21 January 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION –
DISPOSAL OF 70% EQUITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY
OF THE COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 December 2021 in respect of, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 16 December 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing 70% of the entire equity interest of the Target Company) at a total consideration of RMB86 million.

Immediately after Completion, the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated in the Group's forthcoming consolidated financial statements.

The purpose of this circular is to provide you with, among other things, details of the Disposal and other information as required under the Listing Rules.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follow:

Date: 16 December 2021 (after trading hours)

Parties: (1) The Vendor;
(2) The Purchaser;
(3) The Target Company; and
(4) Mr. Xu

Assets to be disposed of: Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing 70% of the entire equity interest of the Target Company).

Consideration: The Consideration is RMB86 million and shall be paid by the Purchaser to the Vendor in the following manner:
(a) within five business days from the date of the Sale and Purchase Agreement, the Purchaser shall deposit the full amount of the Consideration into the Escrow Account for stake-holding purpose; and

LETTER FROM THE BOARD

- (b) within 15 business days after the completion of the business registration of the change of shareholding of the Target Group in relation to the transfer of the Sale Equity Interest by the Vendor to the Purchaser, the Purchaser shall complete the foreign exchange registration with the foreign exchange administration of the PRC, the taxation registration at the taxation authority and obtain the relevant taxation record certificate. Within five business days after completion of the above registration procedures, the Vendor and the Purchaser shall arrange to release the full amount of the Consideration to the Purchaser.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) the consideration historically paid by the Group to acquire the Target Company in the total sum of RMB85 million; (ii) the financial information of the Target Group; (iii) the risk of future prospect and funding requirements for the business expansion of the Target Group; and (iv) the expected benefits of the Disposal to the Company as detailed in the section headed "Reasons for and Benefits of the Disposal" in this circular.

Conditions precedent:

Pursuant to the terms of the Sale and Purchase Agreement, Completion shall be subject to and conditional upon the Target Company having obtained the necessary authorisation in relation to the Disposal (and Mr. Xu agreed to cooperate in obtaining such authorisation), the necessary approval or waiver (if any) having been obtained from the relevant government authorities and any third party, and the Group having complied with all reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. As at the Latest Practicable Date, all of the conditions precedent have been fulfilled and the Completion of Disposal will take place within 15 business days after the Latest Practicable Date.

LETTER FROM THE BOARD

Discharge of the Target Group Liabilities:	Within 15 business days after Completion, the Target Company together with its associates shall fully repay the principal and interest of the Target Group Liabilities and arrange release of the guarantee provided by the Company in associated with the Target Group Liabilities. Dabaihui (the holding company of the Purchaser) agreed to guarantee the obligations of the Target Group and its associates in relation to repayment of Target Group Liabilities for a term of two years.
Completion:	The Vendor and Mr. Xu shall cooperate with the Target Company to complete the business registration of the change of shareholding in the Target Company in relation to the Disposal which shall take place within 15 business days after the conditions precedent have been fulfilled.
Representations and warranties:	<p>Each of the Target Company and Mr. Xu (at the request of the Purchaser) has jointly and severally given customary representations and warranties to the Purchaser in respect of the corporate status of the Target Company and matters relating to the Disposal.</p> <p>The Purchaser has also given customary representations and warranties in respect of the corporate status of the Purchaser.</p>

INFORMATION ON THE TARGET GROUP

As at the Latest Practicable Date, the Target Company is a company established in the PRC with limited liability and is owned as to 70% by the Vendor and 30% by Mr. Xu. The Target Group is principally engaged in research and development and breeding, sales and trading of aquatic products and related services in the PRC.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Target Company has following material subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment	Place of operation	Percentage of equity interest/voting power attributable to the Target Company	Principal activities
Zhenjiang Kehua Fishery Development Co., Ltd.* 鎮江科華漁業發展有限公司	PRC	PRC	100%	Breeding and trading of aquatic products
Hainan BGI Marine Sci & Tech Co., Ltd.* 海南華大海洋科技有限公司	PRC	PRC	65%	Research, breeding and trading of aquatic products
BGI Aquatic Product (HK) Company Limited	Hong Kong	Hong Kong	100%	Trading of aquatic products
BGI Academy of Marine Sciences* 深圳市華大海洋研究院	PRC	PRC	100%	Research and development on breeding and cultivation of aquatic species
Shenzhen Huahong Marine biological Medicine Co., Ltd* 深圳華泓海洋生物醫藥有限公司	PRC	PRC	70%	Research and development on Marine drugs
Zhenjiang Huayou Ecological Agriculture Sci & Tech Co., Ltd.* 鎮江華優生態農業科技有限公司	PRC	PRC	100%	Breeding and trading of aquatic products
BGI Zhenjiang Detection Co., Ltd.* 鎮江華大檢測有限公司	PRC	PRC	100%	Provision of laboratory test services and sales of aquatic products
Jiangsu Yihua Food Co., Ltd.* 江蘇益華食品有限公司	PRC	PRC	100%	Processing and trading of aquatic products
Hainan Haichang Prawn Breeding Co., Ltd.* 海南海昌對蝦繁育有限公司	PRC	PRC	51%	Breeding and trading of aquatic products

LETTER FROM THE BOARD

Set out below is a summary of the financial information of the Target Group for the financial years ended 31 March 2020 and 2021 and for the six months ended 30 September 2021 and prepared in accordance with the accounting principles generally accepted in Hong Kong:

	For the financial year ended		For the six months
	31 March		ended
	2020	2021	30 September
	HK\$'000	HK\$'000	2021
	(<i>approx.</i>)	(<i>approx.</i>)	(<i>approx.</i>)
	(audited)	(audited)	(unaudited)
Revenue	197,301	192,588	83,973
Loss before taxation*	(6,449)	(38,171)	(59,293)
Loss after taxation*	(7,052)	(38,138)	(56,935)

* Included impairment losses on goodwill and respective non-current assets attributable to the Target Group.

The unaudited net asset value of the Target Group as at 30 September 2021 was approximately HK\$121.1 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 tunnelling works (including pipe jacking, hand dig tunnel and cut-and-over 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 of premises in the PRC.

As set out in the interim report of the Company for the six months ended 30 September 2021, the Group recorded an unaudited loss after taxation of approximately HK\$21.8 million, and the Target Group's gross profit margin decreased as a result of the adverse impact on supply chain of the aquatic products during the novel coronavirus epidemic and the Target Group had scaled down its international trading business in aquatic products. In view of above, the Group had recognized impairment losses of goodwill and non-current assets of approximately HK\$8.3 million and HK\$9.8 million respectively for the six months ended 30 September 2021, together with the impairment losses, the Target Group contributed loss before taxation of approximately HK\$59.3 million to the Group. Having considering that the Target Group has been loss-making and the funding requirements for the business expansion in marine biopharmaceutical business in the next few years, the Group has been exploring exit opportunities to dispose of the Target Group and re-deploy the Group's resource on other business development opportunities with

LETTER FROM THE BOARD

better outlook and prospects. The Disposal enables the Group to dispose of the Target Group so as to lessen the Group's financial burden on sustaining the continued operation of the Target Group which would improve the Group's overall liquidity and profitability following Completion.

Based on the above reasons and having considered all relevant factors, the Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and entering into the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

The net proceeds from the Disposal (after deducting transaction costs and professional expenses) are approximately RMB85.4 million (equivalent to approximately HK\$102.4 million). The Group intends to use such net proceeds for the purposes as more particularly described below:

Use of the proceeds	Approximate amount of proceeds	Expected timeline of using the proceeds
(i) the Group's foundation and tunneling business (Note 1)		
– general working capital of the Group for maintaining the liquidity and meeting daily operating expenses, such as staff costs, bank loan interests	HK\$41 million	By June 2022
– repayment of bank borrowings	HK\$15 million	By June 2022
(ii) the Group's sub-leasing business in the PRC (Note 2)		
– the development and expansion of the Group's sub-leasing of premises business including payments of rentals and deposits for the leasing of certain premises for the expansion of the Group's sub-leasing business (Note 3)	HK\$46.4 million	By December 2022

LETTER FROM THE BOARD

Note:

1. The Group has been principally engaged in the provision of foundation works and tunnelling works in Hong Kong and overseas which form the core business of the Group. Despite the great challenge brought by Covid-19 on the Group's foundation and tunnelling business, as disclosed in the interim report of the Company for the six months ended 30 September 2021, the Board expected that there would be a steady recovery in tender opportunities for foundation and tunneling construction works from both public and private sections following the improvement of the pandemic. Hence, the Group will re-allocate more resources for its foundation and tunnelling business, which has been the core business of the Group.
2. In order to diversify the business spectrum and to broaden the revenue base of the Group, in March 2021 the Group has diversified and expanded to sub-leasing business in Guangzhou, a first-tier city in the PRC. It is the Group's business direction that it will continue to diversify and participate in the properties related business in the PRC and broaden its assets and earning base through the sub-leasing business.
3. In relation to its sub-leasing business, the Group has from time to time negotiate with different potential landlords for leasing appropriate premises. As at the Latest Practicable Date, the Group was in negotiation with an Independent Third Party on leasing of certain premises for the expansion of the Group's sub-leasing business (the "**Expected Lease**"). The Expected Lease, if materialised, may constitute a notifiable transaction of the Company for the purpose of the Listing Rules. Further announcement(s) in relation to the Expected Lease will be made by the Company as and when appropriate in compliance with the Listing Rules.

As at the Latest Practicable Date, the Company does not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about acquisition or injection of any new business nor disposal or downsizing of the Group's existing business save for the Disposal.

Immediately after Completion, the Group will not hold any equity interest in the Target Company. The Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated in the Group's forthcoming consolidated financial statements.

Earnings

Upon Completion, the Company is expected to recognise a gain on Disposal of approximately HK\$51.4 million with reference to the Consideration and the unaudited consolidated net asset value of the Target Group attributable to the Company as at 30 September 2021. The actual amount of gain arising from the Disposal is subject to audit. The actual amount of the gain to be recognized by the Group can only be determined when the consolidated net asset value of the Target Group as at the completion date of the Disposal is ascertained, and therefore may be different from the aforesaid expected unaudited gain amount.

Having taking into consideration of the reasons for the Disposal as stated under the paragraph headed "Reasons for and benefits of the Disposal" above, the Company is of the view that the Disposal is in the interests of the Group as a whole as it will improve the cash flow position of the Group in the long run.

LETTER FROM THE BOARD

Assets and liabilities

Having taken into account the Consideration and the unaudited consolidated net asset value of the Target Group attributable to the Company as at 30 September 2021, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$237.8 million. The total liabilities of the Group will decrease by approximately HK\$219.1 million.

Shareholders should note that the financial impact set out above is for illustrative purpose only which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among others, the actual costs and expenses associated with the Disposal and is subject to audit.

INFORMATION ON THE PARTIES

The Vendor is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Vendor is investment holding.

Mr. Xu is the director and legal representative of the Target Company and the ultimate beneficial owner of 30% equity interest in the Target Company. Mr. Xu is also an executive Director and a Shareholder holding 27,000,000 Shares (representing 5.4% of the total issued Shares) as at the Latest Practicable Date.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is a company established in the PRC with limited liability and is principally engaged in research and development of extraction, purification and synthesis technology of marine biological active substances; manufacture of marine aquaculture and marine biological resource utilization equipment; marine aquaculture; breeding and sales of equipment for the use of marine living resource. The Purchaser is owned as to 30% by Wen Handong (溫翰東) and 70% by Dabaihui; (ii) Dabaihui is a company established in the PRC with limited liability and is principally engaged in property development, biotechnology development, advertising business, corporate brand marketing planning. Dabaihui is owned as to 90% by Wen Chunqing (溫純青) and 10% by Wen Yuru (溫玉茹); and (iii) the Purchaser, Dabaihui and their ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

SHAREHOLDERS' WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the Latest Practicable Date, Mr. Jim (through JJ1318) and Mr. Chui are the founders of the Company and therefore are a closely allied group of Shareholders who own 191,250,000 Shares and 136,750,000 Shares representing 38.25% and 27.35% of the entire issued share capital of the Company respectively. They together beneficially hold 328,000,000 Shares, representing 65.60% of the entire issued share capital of the Company. Written approval of the Disposal has been obtained from JJ1318 and Mr. Chui. Pursuant to Rule 14.44 of the Listing Rules, such written approval can be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

Shareholders and potential investors of the Company should be aware that the Disposal is subject to a number of conditions being satisfied, and consequently the Disposal may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

ADDITIONAL INFORMATION

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

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

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group for each of the three financial years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yee-hop.com.hk) respectively:

- Annual report for the year ended 31 March 2019
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726413.pdf>
- Annual report for the year ended 31 March 2020
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000953.pdf>
- Annual report for the year ended 31 March 2021
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0722/2021072200614.pdf>
- Interim report for the six months ended 30 September 2021
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1222/2021122200358.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of the circular in relation to the Disposal, the indebtedness of the Group was as follows:

1. The Group had bank borrowings of approximately HK\$112.7 million. The bank borrowings comprised of (i) approximately RMB41.8 million (equivalent to approximately HK\$50.2 million) was related to the Target Group which was guaranteed by the Group's subsidiaries' credit or its shareholders; (ii) HK\$44.6 million was related to the Group which was guaranteed by the Company and its subsidiaries; and (iii) remaining HK\$17.9 million was related to the Group which was secured by its bank deposits.
2. The Group had other borrowings of approximately HK\$30.5 million. The other borrowings comprised of (i) approximately RMB0.2 million (equivalent to approximately HK\$0.3 million) and HK\$11.5 million were related to the Target Group which was guaranteed by shareholders of a subsidiary of the Target Group; (ii) RMB11.0 million (equivalent to approximately HK\$13.2 million) were related to the Target Group which was secured by ownership interests in leasehold improvement and other receivable; and (iii) remaining HK\$5.5 million was unsecured and unguaranteed.
3. The Group had outstanding lease liabilities of approximately HK\$143.1 million. The lease liabilities of (i) approximately HK\$0.4 million were charged over the leased assets and unguaranteed; and (ii) remaining HK\$142.7 million were unsecured and unguaranteed in which HK\$1.0 million was related to the Target Group.

4. The Group had contingent liabilities of approximately HK\$45.3 million related to guarantees in respect of performance bonds in favor of its clients.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2021, the Group did not have any outstanding mortgages, charges, debenture, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorized or otherwise created but unissued), guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after due and careful enquiry and taking into account the existing bank balances and cash, internal resources, available credit facilities, the Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 tunnelling works (including pipe jacking, hand dig tunnel and cut-and-over 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 of premises in the PRC.

In late March 2021, the Group diversified and expanded to sub-leasing business by entering two cooperation agreements which relate to premises situated in Guangzhou, a first-tier city in the PRC.

The Group has also invested in an associated company for the purpose of the development of the Birmingham Property Project. The Birmingham Property Project consists of 304 residential apartments situated at the Windmill Street, Birmingham, the United Kingdom. During the financial year ended 31 March 2021, 74.3% of the apartments have been sold and share of profits from the Birmingham Property Project were approximately HK\$19.0 million.

During the financial year ended 31 March 2021, the Group recorded a consolidated revenue of approximately HK\$1,056.5 million, representing an increase of 7.8% from the financial year ended 31 March 2020. Gross profit of the Group amounted HK\$120.6 million, an increase of 10.0% from the financial year ended 31 March 2020. Profit attributable to owners of the Company amounted to HK\$49.3 million representing an increase of 100.6% as compared to that in the financial year ended 31 March 2020. Earnings per share was HK\$0.10 for the financial year ended 31 March 2021 comparing with HK\$0.05 for the financial year ended 31 March 2020. The Group maintained healthy financial position with net current assets of HK\$131.8 million and net cash position at the financial year end.

Despite the challenges and difficulties, with the dedicated support of the Group's staff and customers, the Group has been successfully awarded 12 contracts with original contract sums of totalling HK\$553.8 million and the outstanding contract value (based on the original contract value) as at 31 March 2021 amounted to approximately HK\$586.2 million.

When compared with other industries in Hong Kong, the construction industry is less affected under the current economic environment. To support the employment market, the Hong Kong SAR Government has adopted expansionary fiscal measures which include continuous investment in infrastructure projects. The Group is cautiously optimistic about the construction market in the medium to the long term.

The COVID-19 pandemic has halted the economy of many countries around the world with closure of borders and movement control restrictions. Even with roll-out of vaccination programs, the recovery of the economy and the confidence of customers take time. The management is of the view that the Hong Kong economy would be challenging with the new norm that the COVID-19 would not die out in the short run, but is still cautiously optimistic about the Group's core business performance in the coming year. The Group will take a cautious approach in its business planning to weather the current unfavourable environment.

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	136,750,000 Shares	27.35%
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	Director of HKQCH and its direct and indirect subsidiaries	Leasing of properties and provision of property management service
Mr. Yan	HKQCH	Director of HKQCH	Leasing of properties and provision of property management service

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 disclosed in the profit warning announcement dated 22 November 2021, the Group is expected to record a loss before taxation of not more than HK\$18.0 million for the six months ended 30 September 2021 as compared with a profit before taxation of approximately HK\$13.4 million recorded for the corresponding period in 2020, and significant decrease in profit before taxation was partially attributable to the significant loss suffered by the Target Group and impairment losses of goodwill and property, plant and equipment as well as expected credit loss on trade receivables attributable to the Target Group. Save as the above, 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. LITIGATION

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

8. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) had been entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

1. the deep discount bond instrument dated 17 April 2020 between Windmill Street Development Limited and Yee Hop Investments Limited in relation to subscription of bond at the issued price of £630,000;
2. the deep discount bond instrument dated 27 April 2020 between Windmill Street Development Limited and Yee Hop Investments Limited in relation to subscription of bond at the issued price of £1,972,701;
3. the cooperation agreement dated 25 March 2021 between Guangzhou Qingchuang Tiandi Commercial Operation Management Co., Ltd.* (廣州青創天地商業運營管理有限公司) and Guangzhou Healthy Town Industrial Park Co., Ltd.* (廣州健康小鎮產業園有限公司) in relation to leasing of No. 218, Qiaotou Street, Haizhu District, Guangzhou City, Guangdong Province, PRC* (中國廣東省廣州市海珠區橋頭大街218號物業) at total consideration of approximately RMB80.1 million;
4. the cooperation agreement dated 31 March 2021 between Guangzhou Qingchuang Lixiang Commercial Operation Management Co., Ltd.* (廣州青創理想商業運營管理有限公司) and Shenzhen Shen Meng Investment Group Co., Ltd.* (深圳市深夢投資集團有限公司) in relation to leasing of No. 4, Zhenxing Street, South Gongye Avenue, Haizhu District, Guangzhou City, Guangdong Province, PRC* (中國廣東省廣州市海珠區工業大道南路振興大街4號) at total consideration of approximately RMB70.7 million;
5. the tenancy agreement dated 23 September 2021 between Guangdong Minda Investment Group Co. Ltd.* (廣東民大投資集團有限公司) and Guangzhou Yihe Qingchuang Commercial Operation Co. Ltd.* (廣州義合青創商業運營有限公司) in relation to leasing of No. 38, Quantang Road, Haizhu District, Guangzhou City, Guangdong Province, PRC* (中國廣東省廣州市海珠區泉塘路38號) at total rent of approximately RMB110.6 million;

6. the capital investment and cooperation agreement dated 2 September 2021 among Shenzhen BGI Marine Sci & Tech Co., Ltd.* (深圳華大海洋科技有限公司), Jiangsu Jibeier Pharmaceutical Co., Ltd. (江蘇吉貝爾藥業股份有限公司) (“**Jiangsu Jibeier**”) and Shenzhen Huahong Marine Biological Medicine Co., Ltd.* (深圳華泓海洋生物醫藥有限公司) (“**Shenzhen Huahong**”) in relation to contribution of RMB60 million to Shenzhen Huahong by Jiangsu Jibeier; and
7. the Sale and Purchase Agreement.

9. DOCUMENTS ON DISPLAY

A copy of the Sale and Purchase Agreement will be published on the websites of the Company (www.yee-hop.com.hk) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (inclusive).

10. GENERAL

- (i) The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (ii) The principal place of business of the Company in Hong Kong is located at Units 1104–06, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong.
- (iii) The company secretary of the Company is Mr. Chong Man Hung Jeffrey. Mr. Chong has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2005 and March 2018, respectively.
- (iv) The Cayman Islands principal share registrar and transfer office is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (v) The Hong Kong share registrar and transfer office is Tricor Investor Services Limited, whose address is Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (vi) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.