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

**If you have sold or transferred** all your securities in **Meilleure Health International Industry Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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美瑞健康国际产业集团  
Meilleure Health International Industry Group

**MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**

**美瑞健康國際產業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2327)**

**MAJOR AND CONTINUING CONNECTED TRANSACTION  
PROVISION OF REVOLVING FACILITY  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
流博資本有限公司

A letter from the Board is set out on pages 6 to 23 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 49 of this circular.

A notice convening the SGM of the Company to be held at units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Central, Hong Kong, on Wednesday, 31 January 2024 at 11:00 a.m. or any adjournment thereof is set forth on pages 59 to 60 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.meilleure.com.cn](http://www.meilleure.com.cn). Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

17 January 2024

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>LETTER FROM THE BOARD .....</b>	<b>6</b>
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....</b>	<b>24</b>
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER .....</b>	<b>26</b>
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP .....</b>	<b>50</b>
<b>APPENDIX II — GENERAL INFORMATION .....</b>	<b>52</b>
<b>NOTICE OF SPECIAL GENERAL MEETING .....</b>	<b>59</b>

## DEFINITIONS

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

“Annual Cap Amount”	the maximum annual amount of RMB200,000,000 to be made available by the Company for drawdown by U-light Energy under the Facility Agreement for a term of three years commencing from 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent as stipulated in this circular below)
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holidays in Hong Kong) on which banks are open for business in Hong Kong
“CAGR”	compound annual growth rate
“Company”	Meilleure Health International Industry Group Limited, a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Drawdown Period”	the period commencing on 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent as stipulated in this circular below) and ending on but excluding the earlier of (i) 31 December 2026; and (ii) the date on which the Revolving Facility is terminated upon the occurrence of an Event of Default under the provisions of the Facility Agreement
“Drawing Date”	the date of which a drawing of the Facility is to be made
“Event(s) of Default”	event(s) of default as set out in the Facility Agreement
“Facility Agreement”	the facility agreement dated 27 November 2023 and entered into between the Company and U-light Energy in relation to the provision of a revolving loan facility up to a maximum of RMB200,000,000

## DEFINITIONS

“Facility Limit”	the maximum total principal amount available during the Drawdown Period of the Revolving Facility
“Group”	the Company and its subsidiaries
“GW”	gigawatt
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hunan Ramon”	Hunan Ramon Science and Technology Co., LTD.* (湖南鐳目科技有限公司), a company established in the PRC with limited liability and an independent third party
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, namely Professor Chau Chi Wai, Wilton, Dr. Yang Yu and Mr. Wu Peng, formed for the purpose of advising the Independent Shareholders in respect of the provision of the Revolving Facility
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Facility Agreement and the transactions contemplated thereunder
“Independent Shareholders”	independent Shareholders other than those who have interest in the provision of the Revolving Facility
“independent third party(ies)”	any person or company and its ultimate beneficial owner(s), who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	11 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being under the Revolving Facility

## DEFINITIONS

“LPR”	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center in the PRC (全國銀行間同業拆借中心) from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Listing Rules
“Mr. Zhou”	Mr. Zhou Xuzhou (周旭洲), an executive Director, a controlling shareholder of the Company and an associate of Ms. Zhou
“Ms. Zhou”	Ms. Zhou Wen Chuan (周文川), an executive Director and the chief executive officer of the Company
“MW”	megawatt
“Oriental Yuhong”	Beijing Oriental Yuhong Waterproof Technology Co., Ltd* (北京東方雨虹防水技術股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002271), and an independent third party
“Personal Guarantee”	the personal guarantee provided by Mr. Zhou in favour of the Company in connection with all the contractual repayment obligations of U-light Energy under the Facility Agreement
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Revolving Facility”	the unsecured revolving loan facility up to a maximum of RMB200,000,000 to be granted by the Company to U-light Energy pursuant to the Facility Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Facility Agreement and the transactions contemplated thereunder

## DEFINITIONS

“Shanghai Zhenhaoneng”	Shanghai Zhenhaoneng Enterprise Development Partnership (Limited Partnership)* (上海榛浩能企業發展合夥企業(有限合夥)), a limited partnership established in the PRC and an independent third party
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Guandian”	Shenzhen Guandian Investment Co., Ltd.* (深圳市觀點投資有限公司), a company established in the PRC with limited liability and an independent third party
“Shenzhen Xiaozhou”	Shenzhen Xiaozhou Investment Co., Ltd.* (深圳市曉舟投資有限公司), a company established in the PRC with limited liability which is owned as to 51% and 49% by Ms. Zhou and Ms. Li Caiyan (李彩豔), the mother of Ms. Zhou, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Suqian Huaixin”	Suqian Huaixin Shiye Co., Ltd* (宿遷市懷信實業有限公司), a company established in the PRC with limited liability and an independent third party
“Suzhou Boerkon”	Suzhou Boerkon Enterprise Management Co., Ltd* (蘇州博爾康企業管理有限公司), a company established in the PRC with limited liability and an independent third party
“Suzhou Kangli”	Suzhou Kangli Investment Co., Ltd.* (蘇州康力投資有限公司), a company established in the PRC with limited liability and an independent third party
“U-light Energy”	Jiangsu U-light Zhaoneng New Energy Technology Co., Ltd.* (江蘇光宇兆能新能源科技有限公司), a company established in the PRC with limited liability which is owned as to 4.8750% by Wuhu Ruima, an indirect wholly owned subsidiary of the Company
“Wuhu Ruima”	Wuhu Ruima Tianyu Investment Co., Ltd.* (蕪湖瑞麻天宇投資有限公司), a company established in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company

## DEFINITIONS

“Wuhu Yizhou” Wuhu Yizhou Health Industry Investment Co., Ltd\* (蕪湖懿舟健康產業投資有限公司), a company established in the PRC with limited liability which is wholly owned subsidiary of Shenzhen Xiaozhou

“%” per cent

\* *For identification purposes only.*

LETTER FROM THE BOARD



美瑞健康国际产业集团  
Meilleure Health International Industry Group

**MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**

**美瑞健康國際產業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2327)**

*Executive Directors:*

Mr. Zhou Xuzhou (*Co-chairman*)  
Dr. Zeng Wentao (*Co-chairman*)  
Ms. Zhou Wen Chuan (*Vice-chairman and  
chief executive officer*)

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton, HM 11  
Bermuda

*Non-executive Director:*

Dr. Mao Zhenhua

*Principal office in Hong Kong:*

Unit 2906  
Tower 1, Lippo Centre  
89 Queensway, Admiralty  
Hong Kong

*Independent Non-executive Directors:*

Professor Chau Chi Wai, Wilton  
Dr. Yang Yu  
Mr. Wu Peng

17 January 2024

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION  
PROVISION OF REVOLVING FACILITY  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 27 November 2023, whereby on 27 November 2023 (after trading hours), the Company and U-light Energy entered into the Facility Agreement, pursuant to which the Company agreed, by itself or through its designated lending subsidiary(ies), to grant to U-light Energy a revolving loan facility up to a maximum of RMB200,000,000 at an interest rate of one-year LPR plus 3.05% per annum for the Drawdown Period. On the same date, Mr. Zhou (as guarantor) executed a deed of guarantee to provide the Personal Guarantee in favour of the Company to secure U-light Energy's repayment obligations under the Facility Agreement.



## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, (i) further information on the Facility Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM.

### THE FACILITY AGREEMENT

The principal terms of the Facility Agreement are as follows:

- Date:** 27 November 2023
- Parties:** (a) The Company (and/or its designated lending subsidiary(ies), as the lender; and  
(b) U-light Energy, as the borrower.
- Facility Limit:** A revolving loan facility in the principal amount of up to a maximum of RMB200,000,000 at any time during the Drawdown Period.
- Interest rate:** The annual interest rate applicable to the Loan is the annual LPR for one year term announced for each year on the day before the Drawing Date plus 3.05%.
- Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears, or such other interest payment date as may be mutually agreed between the Company and U-light Energy.
- Default interest:** 12% per annum, to be accrued on a day-to-day basis and calculated on the basis of the actual number of days elapsed over a year of 365 days.
- Drawdown Period:** The period commencing on 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent as stipulated in this circular below) and ending on the date immediately prior to the earlier of (i) 31 December 2026; and (ii) the date on which the Revolving Facility is terminated upon the occurrence of an Event of Default under the provisions of the Facility Agreement.
- Term of the Revolving Facility:** From 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent as stipulated in this circular below) to 31 December 2026.

## LETTER FROM THE BOARD

- Repayment:** U-light Energy may repay the whole or any part of the amount drawn under the Revolving Facility on or before 31 December 2026.
- Prepayment:** U-light Energy may on any Business Day prepay the whole or any part of the amount drawn under the Revolving Facility together with interest accrued thereon by giving the Company not less than two Business Days' prior written notice specifying the date of prepayment and the amount to be prepaid.
- Security:** Pursuant to the deed of guarantee dated 27 November 2023, Mr. Zhou has agreed to provide a personal guarantee in favour of the Company to secure all the repayment obligations of U-light Energy under the Facility Agreement.
- Drawdown conditions:** U-light Energy may draw under the Revolving Facility provided that:
- (a) no Event of Default or prospective Event of Default has occurred and all representations, warranties and undertakings given by U-light Energy under the Facility Agreement are true and correct as at the date of each drawing;
  - (b) it gives the Company a notice of drawing (the "**Notice of Drawing**") in the manner set out in the Facility Agreement;
  - (c) it has received a written confirmation from the Company approving the Notice of Drawing and confirming the provision of the Loan. Such confirmation may be withheld by the Company at its sole discretion subject to the availability of its internal financial resources from time to time, and the Company shall reply to U-light Energy for its decision within 5 Business Days upon receiving the Notice of Drawing; and
  - (d) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed the Facility Limit.

## LETTER FROM THE BOARD

- Conditions precedent:**
- (a) The provision of the Revolving Facility is subject to and conditional on the approval of the Independent Shareholders at the SGM; and
  - (b) The execution of a deed of guarantee by Mr. Zhou guaranteeing all the repayment obligations of U-light Energy under the Facility Agreement in favour of the Company.

### REASONS FOR AND BENEFITS FROM THE PROVISION OF THE REVOLVING FACILITY

The Group is principally engaged in the business of residential and commercial real estate, healthcare-related, trading and equity investment. In order to increase the rate of return of the Group's cash and cash equivalents which can improve the investment income and the profits of the Group, the Group has provided short-term interest-bearing loans to its customers. In view of such practice, the Board considers that the entering into of the Facility Agreement is in line with the ordinary and usual course of business of the Group. The interest rate of one-year LPR plus 3.05% per annum offered by the Company to U-light Energy for the provision of the Revolving Facility was determined after arm's length negotiation between the Company and U-light Energy with reference to (i) the interest rates of the short-term RMB bank loans of the Group in the PRC ranging from one-year LPR plus 0.35% to one-year LPR plus 0.95% per annum; and (ii) the interest rates of the outstanding interest-bearing RMB loans provided by the Company to third parties ranging from approximately 3 to 6% per annum. For illustration purpose, given the current LPR for the one year term is 3.45%, the applicable interest rate of the Loan would be 6.5% per annum, and the annual interest income to be generated from the provision of the Revolving Facility would be RMB13 million. In that case, as compared to the existing outstanding loans granted to independent third parties by the Group as at 31 December 2023 with an average interest rate of approximately 4% per annum, based on the maximum annual principal amount to be granted under the Revolving Facility, i.e. RMB200,000,000, the Group would be able to generate an additional annual interest income of approximately RMB5 million from the provision of the Revolving Facility. Accordingly, the Board considers that such interest rate offered by the Company to U-light Energy for the provision of the Revolving Facility is higher than the range of interest rates charged by the Group on its short-term bank loans in the PRC, and the provision of the Revolving Facility will provide a better return on the Group's temporarily surplus cash resources which is beneficial to the Group and the Shareholders as a whole. As such, the Directors consider that the Group is also indirectly benefitted from the Investment Plan through the provision of the Revolving Facility to U-light Energy.

Further, the Company, through its wholly-owned subsidiary, Wuhu Ruima, also holds 4.8750% equity interest in U-light Energy. With such financing, U-light Energy plans to utilize the proceeds from the Revolving Facility to invest in the construction of the infrastructure in zero-carbon parks in the PRC, such as distributed photovoltaic power stations and integrated light storage and charging parking lot system (the "**Investment Plan**"). The Investment Plan forms the principal part of the expansion plan formulated by U-light Energy from 2024 to 2026, with an aim to become one of leading operator of distributed photovoltaic power stations

## LETTER FROM THE BOARD

as well as integrated photovoltaic storage and charging parking systems, and U-light Energy has obtained all the necessary government licenses and approvals for said construction of the infrastructure in zero-carbon parks in the PRC. Set forth below is the implementation plan of the Investment Plan:

Infrastructure	Unit	Existing 2023	Milestone/Target		2026
			2024	2025	
<i>(a) Distributed photovoltaic power stations</i>					
By 31 December	<i>(MW)</i>	58.63	300.00	500.00	800.00
Year-on-year increment	<i>(MW)</i>		241.37	200.00	300.00
<b>Expected capital expenditure required</b>	<i>(RMB'000)</i>		<b>708,948<sup>(Note)</sup></b>	<b>600,000</b>	<b>900,000</b>
<i>(b) Electric vehicles (“EV”) charging stations</i>					
By 31 December	<i>(Number of parking lots)</i>	19	104	156	206
Year-on-year increment	<i>(Number of parking lots)</i>		85	52	50
<b>Expected capital expenditure required</b>	<i>(RMB'000)</i>		<b>8,500</b>	<b>5,200</b>	<b>5,000</b>
<b>Expected total capital expenditure required</b>	<i>(RMB'000)</i>		<b>717,448</b>	<b>605,200</b>	<b>905,000</b>

*Note:*

The first stage of the Investment Plan is to operate distributed photovoltaic power stations which are expected to have an aggregate capacity of not less than 300 MW by the end of 2024, approximately 154.91 MW of which is expected to be completed in the first half of 2024, while approximately 86.46 MW of which is expected to be completed in the second half of 2024.

The implementation of the Investment Plan is led by a group of seasoned veterans who have extensive experience in strategic planning, new energy industry and engineering with educational background all relevant to the business of U-light Energy, holding degrees in various majors including business administration, professional accountancy and engineering. In particular, the board of directors of U-light Energy possesses a mix of relevant knowledge with over 15 years of strategic planning, new energy industry development, project management and investment, corporate finance and financial management, and the chairman of the board of U-light Energy, being also the chief executive officer of U-light Energy, also holds directorships with Jiangsu Renewable Energy Association and two PRC enterprises operating in new energy and solar power field, where he is also responsible for the investment and development of solar power projects and business expansion. In addition, the senior management team of U-light Energy comprises members with professional qualifications. The executive vice president of U-

## LETTER FROM THE BOARD

light Energy who is responsible for overseeing the financial management of U-light Energy is a Chinese certified tax agent and senior accountant, and the director of research and development of U-light Energy who is responsible for technology research and development, system platform development, project expansion and development is a national registered surveyor in the PRC and professor of engineering.

As a protection mechanism to support such financial assistance to U-light Energy, Mr. Zhou has agreed to provide the Personal Guarantee in favour of the Company in connection with the Company's provision of the Revolving Facility to U-light Energy. The Directors believe that such Personal Guarantee in place offers a higher level of protection to safeguard the interests of the Company and its Shareholders as a whole. To the best knowledge of the Directors, Mr. Zhou did not have any material event of default of liabilities in the last five consecutive years. In order to assess the financial credibility of Mr. Zhou, the Company has obtained and reviewed (i) the investment accounts statements of Zhongjia U-Home Investment Limited, an investment holding company indirectly wholly owned by Mr. Zhou, as at 31 October 2023, where the net market value of the investments held by Zhongjia U-Home Investment Limited amounting over HK\$380 million was recorded, such investments include shares of certain companies listed on the Stock Exchange, including the Company, Xiaomi Corporation (Stock Code: 1810), BYD Company Limited (Stock Code: 1211) and Sun.King Technology Group Limited (Stock Code: 580), which can cover the maximum principal amount of the Revolving Facility; (ii) the credit report of Mr. Zhou issued by QCC.com (企查查), a PRC enterprise and business information enquiry platform, and noted that (1) Mr. Zhou has not been a dishonest judgment debtor or dishonest person subject to enforcement (被執行人或失信被執行人) or had any records of defaults, and (2) no other material adverse findings was reported or otherwise identified by the Company; and (iii) the background search results of Mr. Zhou, and no material negative findings were found. Based on the confirmation from Mr. Zhou as obtained by the Company, he is not and has not been involved in any legal proceedings as at the Latest Practicable Date. As such, the Company considers that Mr. Zhou has sufficient financial resources for acting as the guarantor of the Revolving Facility.

In assessing the financial strength, credit profile and repayment ability of U-light Energy before entering into the Facility Agreement, the Company has obtained and reviewed the unaudited consolidated financial statements of U-light Energy for the ten months ended 31 October 2023 (the “**U-light Financial Statements**”). Based on the U-light Financial Statements, for the ten months ended 31 October 2023, U-light Energy had net current assets and net asset value of approximately RMB93.0 million and RMB183.5 million, respectively, representing a generally healthy financial position. For the ten months ended 31 October 2023, U-light Energy recorded the revenue and profit attributable to the owners of U-light Energy approximately RMB69.1 million and RMB6.4 million, respectively, indicating that U-light Energy is operating with profit. In addition, the Company has also obtained and reviewed the credit report of U-light Energy, and no record of default in payment or non-compliance was reported. Accordingly, the Directors are of the view that the default risk of U-light Energy is not high. Given that the Company indirectly holds 4.8750% equity interest in U-light Energy, the Company, as a shareholder of U-light Energy, would also be able to monitor the progress of the implementation of the Investment Plan and indirectly benefitted from the revenue generated from the Investment Plan.

## LETTER FROM THE BOARD

To further assess the repayment ability of U-light Energy, the Company has obtained and reviewed the working capital forecast (the “**Forecast**”) of U-light Energy prepared by U-light Energy for the three years ending 31 December 2026 (the “**Forecast Period**”). Set forth below are the major assumptions adopted in the Forecast:

- (a) There will be no material changes in existing government political, legal, fiscal, economic or regulatory conditions in the PRC.
- (b) There will be no material changes in the bases or rates of tax in the PRC.
- (c) There will be no material changes in the inflation, interest rate, tariff and duties in the PRC since 29 December 2023.
- (d) There are no any extraordinary or exceptional items which will arise during the Forecast Period.
- (e) The expansion plan of U-light Energy will be successfully carried out.
- (f) The electricity fee and charging service fee in the PRC remain stable.
- (g) The construction costs of distributed photovoltaic power stations and EV charging stations will not have material change.
- (h) U-light Energy will continue to be able to utilise its existing banking and credit facilities at the prevailing interest rates, terms and conditions during the Forecast Period.
- (i) U-light Energy will be able to continually obtain adequate finance for its business and to operate as going concern in the Forecast Period.

According to the Forecast and the discussion with the management of U-light Energy, the Directors are given to understand that as a principal part of the business model of U-light Energy, its revenue mainly depends on the unit of power that it is commissioned to generate, and therefore, the estimation of the expected revenue of U-light Energy to be generated from the construction and subsequent operation of distributed photovoltaic power stations and EV charging stations for the provision of electricity is primarily based on the estimated amount of watts (the unit of power/ electricity) to be generated and the estimated unit price of power (the electricity fee/charging service fee) to be charged by U-light Energy’s distributed power stations and EV charging stations. Such unit price is determined by arm’s length negotiation among U-light Energy and its customers with reference to the average pricing for similar services. The assumptions adopted in the Forecast and the expected significant growth in the revenue, operating cost and profit of U-light Energy during the Forecast Period were based mainly on the followings:

- (i) **Secured contracts and orders** — the expected exponential growth in the revenue and profit of U-light Energy in the coming three years ending 2026 is achievable with reference to the implementation plan of the Investment Plan as set out above given:

**LETTER FROM THE BOARD**

- (1) the expected increase in the installed capacity of distributed photovoltaic power stations by approximately 412% in aggregate from 58.63 MW for the year ended 31 December 2023 to 300 MW for the year ending 31 December 2024, thereby increasing the expected revenue from the provision of electricity by approximately RMB85 million for the year ending 31 December 2024 as compared to that of the year ended 31 December 2023;
- (2) the number of EV parking lots is expected to increase by approximately 347%, from 19 as at 31 December 2023 to 104 as at 31 December 2024. Given that only a few parking lots projects were completed in December 2023, the revenue generated from the EV charging stations is therefore relatively insignificant in 2023 as compared to the expected revenue from the EV charging stations for the year ending 31 December 2024, which is expected to increase by RMB5.5 million for the year ending 31 December 2024;
- (3) the breakdown of the contracts entered into by U-light Energy in relation to the provision of its services as at 29 December 2023 is as follows:

	<i>Note</i>	<i>MW</i>
<b><i>(3.1) Distributed photovoltaic power stations</i></b>		
<b>Signed contracts</b>	<i>(a)</i>	154.91
<b>Signed memoranda of understanding ("MOUs")</b>	<i>(b)</i>	70
<b>Projects with due diligence and feasibility studies completed</b>	<i>(c)</i>	<u>43.12</u>
<b>Total</b>		<u><u>268.03</u></u>
<i>Number of parking lots</i>		
<b><i>(3.2) EV charging stations</i></b>		
<b>Signed contracts</b>	<i>(d)</i>	85
<b>Signed MOUs</b>	<i>(b)</i>	<u>500</u>
<b>Total</b>		<u><u>585</u></u>

*Notes:*

- (a) U-light Energy has entered into contracts with independent third parties for the provision of power management services and/or construction of power stations, electricity.
- (b) U-light Energy has entered into MOUs with one of the world's leading lithium battery company, and one of the leading manufacturer of civil electrical products with converters, wall switches and sockets as well as electrical vehicles parking lots system in the PRC,

## LETTER FROM THE BOARD

both of which are listed in the domestic stock exchange with market capitalisation of over RMB80 billion to cooperate and construct distributed photovoltaic power stations and integrated photovoltaic storage of not less than 70 MW as well as EV charging parking systems of not less than 500 parking lots in their mega factories in aggregate.

- (c) U-light Energy has conducted and completed feasibility studies and due diligence of projects of 43.12 MW. It is expected to sign EMC contracts directly with those commercial and manufacturing companies in 2024.
  - (d) These projects relating to the construction and operation of EV charging stations are expected to complete in first half of 2024.
- (4) Based on the U-light Financial Statements, U-light Energy recorded revenue of approximately RMB55.4 million from the trading of photovoltaic modules for the ten months ended 31 October 2023, and currently expects that the revenue from such business segment shall be not less than RMB100 million for the year ending 31 December 2024. As at 29 December 2023, it has received purchase orders in sum of RMB22.5 million to be delivered in 2024. According to the management of U-light Energy, as the order-to-delivery time is relatively short, customers usually purchase these photovoltaic modules according to their needs from time to time, and thus it is not a common practice for them to purchase in advance.
- (ii) **Favourable government policies** — in respect of the implementation of the Investment Plan, the Company noted that the PRC government has been dedicated in increasing the scale of solar power generation as an essential task in the China's 14th Five-Year Plan (2021–2025). According to China's 14th Five Year Plan (2021–2025), photovoltaic power generation has become one of the key development directions and the PRC government will drive the replacement of traditional energy sources, and thereby benefitting the development of the photovoltaic industry in the long run. In 2023, the PRC government has further promulgated certain notices relating to the provision of subsidies to the photovoltaic industry, so as to support the investment in research and development of photovoltaic technologies, and construction and enhancement of photovoltaic infrastructure and to cater the funding needs of private photovoltaic enterprises. Besides, as part of the PRC government's effort to encourage and support the development of the photovoltaic industry, electricity generation enterprises may sell and transfer excess electricity generated using photovoltaic technologies (“自發自用、餘電上網”) to the State Grid Corporation of China (國家電網) at a reasonable price to be determined by the relevant PRC government authorities from time to time according to the notice on matters relevant to photovoltaic power generation as promulgated by the National Energy Administration, Ministry of Finance of the National Development and Reform Commission of the PRC;
- (iii) **Market potential of the photovoltaic industry in the PRC** — according to the photovoltaic industry analysis report issued by Cinda Securities Co., Ltd in October 2023, for the eight months ended 31 August 2023, the Chinese domestic new photovoltaic installation (中國光伏新增裝機量) reached 113.16 GW, representing an increase of approximately 154.46% as compared to the corresponding period in 2022.



## LETTER FROM THE BOARD

It is expected that the Chinese domestic new photovoltaic installation will increase from 149 GW in 2023 to 273 GW in 2025, with a CAGR of 35.43%. In addition, according to the Shenzhen Gaogong Industrial Research Consulting Co., Ltd., the distributed photovoltaic power stations and integrated photovoltaic storage market will grow at a CAGR 54% from 2022 to 2026. The Forecast is in line with the expected industrial growth; and

- (iv) **Performance of comparable companies** — with reference to the market research conducted by U-light Energy for the purpose of preparing the Forecast, it is noted that each of the comparable companies engaging in similar business of U-light Energy, being domestic listed companies, including Zhejiang Sunoren Solar Technology Co., Ltd. (stock code: 603105.SH), Jinko Power Technology Co., Ltd. (stock code: 601778.SH) and Henan Yicheng New Energy Co., Ltd. (stock code: 300080.SZ), has a price-to-earning multiple of at least 20 based on the information of the aforesaid listed companies published in the public domain. Such ratio has demonstrated the general positive market sentiment towards the photovoltaic industry and their confidence in its prospects. As such, the Directors consider that the prospect of the photovoltaic industry in the PRC is promising in coming years.

Further, U-light Energy has entered into a strategic partnership with a company listed on the Stock Exchange, Haitong Unitrust International Financial Leasing Co., Ltd (stock code: 1905) since 2021 for the provision of financial support and other fundraising services with a scale up to RMB1 billion in support of U-light Energy to develop its photovoltaic business in light of the recent aim to reduce carbon emission as emphasised by the PRC government. Such support from an established financial institution has demonstrated the confidence of financial institutions in the prospects of the photovoltaic industry in the PRC, and more importantly, the repayment ability of U-light Energy.

Moreover, U-light Energy has completed its series A fundraising and obtained net proceeds of approximately RMB120 million in August 2023, such successful equity financing activity has indicated the confidence of investors in the prospects of U-light Energy as well as the endorsement of investors of the current business model and operation of U-light Energy, irrespective of its current financial position as a startup company. Based on the foregoing, the Directors are of the view that the Forecast is feasible and achievable, and are confident in the financial strength and repayment ability of U-light Energy.

Therefore, the Directors (excluding the independent non-executive Directors whose views will be set forth in the circular after taking into account the recommendation of the Independent Financial Adviser) consider that the terms of the Facility Agreement, which has been entered into after arm's length negotiation between the Company and U-light Energy with reference to the prevailing commercial practices, are on normal commercial terms, fair and reasonable taking into account the prevailing market interest rate and in the interest of the Company and the Shareholders as a whole. The Revolving Facility will be funded by internal resources of the Group.

Ms. Zhou, an executive Director and the chief executive officer of the Company, and Mr. Zhou, an executive Director, a controlling shareholder of the Company and an associate of Ms. Zhou, are considered to have material interests in the Facility Agreement and have therefore abstained from voting on the resolutions of the Board to approve the Facility Agreement and

## LETTER FROM THE BOARD

the transactions contemplated thereunder pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has any material interests in the Facility Agreement and the transactions contemplated thereunder, and hence no other Director has abstained from voting on such Board resolutions.

### PROPOSED ANNUAL CAP AMOUNT

The proposed Annual Cap Amount (excluding the interests to be accrued thereon) in respect of the Revolving Facility under the Facility Agreement for each of the three financial years ending 31 December 2024, 2025 and 2026 was determined after arm's length negotiation between the Company and U-light Energy, taking into account (i) the Group's internal financial resources available and financial strengths; (ii) the current operations and development of the business of U-light Energy; (iii) the future funding needs of U-light Energy for the implementation of the Investment Plan; and (iv) the maximum principal amount of the Loan to be granted by the Company to U-light Energy pursuant to the Facility Agreement.

The Group is expected to have abundant idle cash resources after its existing loan receivables are fully settled in early 2024 (the "**Expected Settlement**"). As at 31 October 2023, the Group's bank and cash balances and loan receivables amounted to approximately HK\$36.3 million and HK\$288.6 million, respectively. Hence, the Group's bank and cash balances will increase to approximately HK\$324.9 million after the full settlement of the existing loan receivables, which exceeds the maximum principal amount of the Revolving Facility significantly.

It is noted that the maximum amount that could be granted under the Revolving Facility represents approximately 67% of the estimated bank and cash balances of the Group after the Expected Settlement. Nevertheless, having considered (i) the Company has the sole discretion for the provision of the facility based on its internal financial resources as well as the Company's assessment on the financial performance and condition of U-light Energy; (ii) the Company would be able to closely monitor the performance of U-light Energy than other independent borrowers given that the Company has shareholding in U-light Energy; and (iii) the Company has implemented internal control and risk management measures to monitor the Revolving Facility, details of which are set out in the section headed "Internal control measures and annual review of the continuing connected transactions" below, and such internal control measures has been effectively implemented on the existing outstanding loan receivables of the Group. Accordingly, the Company considers that the credit concentration risks associated with the Revolving Facility is acceptable.

In respect of the funding requirements of U-light Energy, U-light Energy is at a growing stage and further business growth of which would be expected as it implements the Investment Plan. U-light Energy is planned to build photovoltaic power stations and charging parking lot system in the PRC from 2024 to 2026, which is in line with the term of the Facility Agreement. Based on the financial budget of the Investment Plan, the capital requirement for the above constructions will be over RMB200 million. Similar to the generation of other energy, the photovoltaic industry is capital intensive in line with the nature of the power and energy industry, especially for the initial installation of power stations and other ancillary facilities. Therefore, the Directors are of the view that such amount required for the abovesaid constructions for U-light Energy is reasonable.

## LETTER FROM THE BOARD

In addition, the Company has also obtained and reviewed the Forecast and noted that U-light Energy is expected to grow substantially from 2024 to 2026 as it implements the Investment Plan. According to the Forecast, U-light Energy would record substantial growth in revenue and profit from the new photovoltaic power stations and charging parking lot systems. Such expected significant growth in both revenue and profit of U-light Energy is expected to be mainly driven by two major factors, the (i) favourable government policies; and (ii) market potential of the photovoltaic industry in the PRC as mentioned in the section headed “Reasons for and the Benefits from the Provision of the Revolving Facility” above. With the support of the PRC government and the positive outlook of the photovoltaic industry as mentioned in the section headed “Reasons for and the Benefits from the Provision of the Revolving Facility” above, the Directors are of the view that U-light Energy would be able to achieve rapid business growth in coming years if the Investment Plan has been successfully implemented.

In this regard, the Company will also closely monitor U-light Energy’s implementation progress of the Investment Plan from time to time by (i) obtaining and reviewing the unaudited quarterly management accounts of U-light Energy after the end of each fiscal quarter in order to make timely assessment of the financial position and repayment ability of U-light Energy from time to time; (ii) calculating the leverage ratios and liquidity ratios of U-light Energy to assess U-light Energy’s ability to meet its debt obligations from time to time based on the aforesaid financial information to be obtained; (iii) obtaining and reviewing the quarterly report on the implementation progress of the Investment Plan to be prepared by U-light Energy so as to assess and evaluate the operation and performance of U-light Energy and keep track of the actual implementation progress against the planned schedules of the Investment Plan; and (iv) convening meetings with the management of U-light Energy from time to time to keep abreast of the operation of U-light Energy and assess the actual funding needs of U-light Energy.

Accordingly, the Directors are of the view that U-light Energy has the funding needs under the Facility Agreement, and the provision of the Revolving Facility would enable U-light Energy to further develop its business and achieve business growth, and thereby indirectly benefitting the Group.

Based on the current assessment of the financial position and future business development and operation of U-light Energy by the Directors, U-light Energy may require additional funding in addition to the Revolving Facility depending on the implementation progress of the Investment Plan. Whilst a pro-rata shareholding loan for the implementation of the Investment Plan had been considered by the parties involved, the Directors considered that the current arrangements under the Facility Agreement is preferred considering that (i) the Group is expected to have abundant idle cash resources after the Expected Settlement; (ii) the Group would be able to derive interest income from the provision of the Revolving Facility with an interest rate higher than the loans granted to independent third party borrowers as demonstrated in the section headed “Reasons for and the Benefit from the Provision of the Revolving Facility” above, as well as the interest rate of the existing bank borrowings of the Group; and (iii) the Company would be able to monitor the implementation progress of the Investment Plan and has the sole discretion for the provision of the Revolving Facility under the Facility Agreement. Accordingly, the Directors are of the view that the current revolving loan facility arrangement under the Facility Agreement is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## LETTER FROM THE BOARD

Based on the above, the Directors consider that the proposed Annual Cap Amount contemplated under the Facility Agreement is fair and reasonable.

### **INTERNAL CONTROL MEASURES AND ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS**

In order to properly mitigate the risks associated with the Revolving Facility, the Group will implement certain internal control and risk management measures including designating specific personnel of its accounting/compliance department to monitor and report the liquidity status of U-light Energy to the management of the Group on a monthly basis and the senior management of the Company will regularly report the status of the Revolving Facility to the independent non-executive Directors and will seek their view in the event that any potential issue in respect of the Revolving Facility/or and the Personal Guarantee arises.

According to the representation by the Company, the Company has established the following internal control measures in relation to the Facility Agreement:

- (i) Designated personnel from finance department will perform regular check to review and assess whether the loan is provided in accordance with the terms and conditions of the Facility Agreement;
- (ii) The audit committee of the Board will review the report prepared by the management of the Company based on the continuing connected transactions conducted at least twice a year;
- (iii) The independent non-executive Directors and external auditors will review and report on the continuing connected transactions pursuant to Rules 14A.55 and 14A.56 of the Listing Rules; and
- (iv) Pursuant to the Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transactions contemplated under the Facility Agreement are subject to the following requirements:
  - (a) The independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
    - (i) in the ordinary and usual course of business of the Group;
    - (ii) on normal commercial terms or better; and
    - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## LETTER FROM THE BOARD

- (b) The independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
- (i) in the ordinary and usual course of business of the Group;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the proposed Annual Cap Amount.

### INFORMATION ON THE PARTIES

#### The Company

The Company is a company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the business of residential and commercial real estate, healthcare-related, trading and equity investment.

#### U-light Energy

U-light Energy is a company established in the PRC with limited liability, which is principally engaged in investment, construction and operation of zero-carbon parks such as distributed photovoltaic power stations as well as integrated photovoltaic storage and charging parking systems.

U-light Energy is owned as to 46.8750%, 7.1875%, 4.8750% and 0.9375% by Shenzhen Xiaozhou, Wuhu Yizhou, Wuhu Ruima and Zeng Kui (曾揆), respectively, the remaining equity interest of which of 40.1250% in aggregate is held by 12 shareholders, namely Shanghai Zhenhaoneng, Hunan Ramon, Shenzhen Guandian, Suzhou Kangli, Suzhou Boerkon, Deng Xiaoyun (鄧小雲), Gu Chunbao, (顧春保), Wang Le (汪樂), Wang Nan (王南), Wu Wenli (吳文利), Oriental Yuhong and Suqian Huaixin, who are independent third parties (the “**Non-connected Shareholders**”). Shenzhen Xiaozhou is a company established in the PRC with limited liability which is owned as to 51% and 49% by Ms. Zhou and Ms. Li Caiyan (李彩豔), the mother of Ms. Zhou, respectively. Wuhu Yizhou is a company established in the PRC with limited liability which is a wholly-owned subsidiary of Shenzhen Xiaozhou. Wuhu Ruima is a company established in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company, while Zeng Kui is the spouse of Ms. Zhou.

Shanghai Zhenhaoneng is a limited partnership established in the PRC, the sole general partner of which is Hu Hao (胡浩) holding 1% equity interest, and the remaining limited partner of which is Yang Ru (楊茹) holding 99% equity interest. Hunan Ramon is a company established in the PRC with limited liability which is owned as to 40%, 31%, 26% and 3% by

## LETTER FROM THE BOARD

Tian Zhiheng (田志恆), Tian Lu (田陸), Tian Li (田立) and Zhou Yonghui (周永輝), respectively. Shenzhen Guandian is a company established in the PRC with limited liability which is owned as to 88.75% and 11.25% by Wu Lanlan (吳蘭蘭) and Wang Huajun (王華君), respectively. Suzhou Kangli is a company established in the PRC with limited liability which is owned as to 70% and 30% by Wang Youlin (王友林) and Zhu Meijuan (朱美娟), respectively. Suzhou Boerkon is a company established in the PRC with limited liability which is owned as to 51% and 49% by Zhou Shengjun (周升俊) and Zhou Wenxin (周文鑫), respectively. Oriental Yuhong is a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002271). Suqian Huaixin is a company established in the PRC with limited liability which is wholly owned by Zhang Jun (張軍).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Non-Connected Shareholders and their respective ultimate beneficial owners (where applicable) are not connected persons of the Company and are third parties independent of the Company.

### FINANCIAL IMPACT OF THE TRANSACTIONS

The amounts under the Facility Agreement will be recorded as other receivables-related parties under non-current assets or current assets of the Group. The interest received from the amounts under the Facility Agreement will be recorded as interest income of the Group.

Save as disclosed above, there would be no material impact of the Facility Agreement and the transactions contemplated thereunder on the earnings, assets and liabilities of the Group.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, U-light Energy is owned as to 54.0625% in aggregate by Shenzhen Xiaozhou and its wholly-owned subsidiary, Wuhu Yizhou, which in turn is controlled by Ms. Zhou. Ms. Zhou is an executive Director and the chief executive officer of the Company. As such, each of U-light Energy and Shenzhen Xiaozhou is an associate of Ms. Zhou, and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the provision of the Revolving Facility constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision of the Revolving Facility (including an estimated maximum accrued interests) under the Facility Agreement exceeds 25% but is less than 100%, and such provision of financial assistance under the Facility Agreement is neither an acquisition nor a disposal, the provision of the Revolving Facility pursuant to the Facility Agreement constitutes a major transaction on the part of the Company and the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) are therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **LETTER FROM THE BOARD**

As the provision of the Personal Guarantee by Mr. Zhou is conducted on normal commercial terms or better and is not secured by the assets of the Group, such provision of the Personal Guarantee to the Company, despite constitutes a financial assistance received by the Group, is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

### **DIRECTORS' INTERESTS IN THE FACILITY AGREEMENT**

Ms. Zhou, an executive Director and the chief executive officer of the Company, and Mr. Zhou, an executive Director, a controlling shareholder of the Company and an associate of Ms. Zhou, are considered to have material interests in the Facility Agreement and have therefore abstained from voting on the resolutions of the Board to approve the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has any material interests in the Facility Agreement and the transactions contemplated thereunder, and hence no other Director has abstained from voting on such Board resolutions approving the aforesaid continuing connected transaction.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the transactions. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **SGM**

The SGM will be held by the Company at units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Central, Hong Kong, on Wednesday, 31 January 2024 at 11:00 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve, confirm and ratify the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount). A notice convening the SGM is set forth on pages 59 to 60 of this circular.

Mr. Zhou, Ms. Zhou and their respective associates will abstain from voting at the SGM with respect to the resolution approving the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount). As at the Latest Practicable Date, to the best knowledge of the Directors, Mr. Zhou, Ms. Zhou and their respective associates hold a total of 2,301,724,761 Shares, representing approximately 56.23% of the issued share capital of the Company in aggregate, and save as disclosed above, no other Shareholder has a material interest in the transactions contemplated under the Facility Agreement who would be required to abstain from voting on the resolutions to approve the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) at the SGM.

## **LETTER FROM THE BOARD**

For the purpose of the SGM, the Board has established the Independent Board Committee to consider and advise the Independent Shareholders with respect to the Facility Agreement and the transactions contemplated thereunder. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the aforesaid continuing connected transactions.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, all the proposed resolutions will be put to vote by way of poll at the SGM. An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company for the SGM will be closed from Friday, 26 January 2024 to Wednesday, 31 January 2024 (both days inclusive) for the purpose of determining entitlement of the shareholders of the Company to attend and vote at the aforesaid meeting, during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the aforesaid meeting, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 25 January 2024.

### **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 regards 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.



## LETTER FROM THE BOARD

### RECOMMENDATIONS

The Directors (including all the independent non-executive Directors whose view is set out in the section headed “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” in this circular) consider that the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Directors therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount).

### ADDITIONAL INFORMATION

Additional information is also set out in the appendices to this circular for your information.

By order of the Board  
**Meilleure Health International Industry Group Limited**  
**Zhou Wen Chuan**  
*Executive Director and Chief Executive Officer*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount).*



美瑞健康国际产业集团  
Meilleure Health International Industry Group

### **MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**

**美瑞健康國際產業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2327)**

17 January 2024

*To the Independent Shareholders*

Dear Sir or Madam,

#### **MAJOR AND CONTINUING CONNECTED TRANSACTION PROVISION OF REVOLVING FACILITY**

We refer to the circular dated 17 January 2024 issued by the Company (the “**Circular**”) to the Shareholders of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) and to advise the Independent Shareholders whether, in our opinion, the terms of the Facility Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser, Rainbow Capital (HK) Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 23 of the Circular, which contains, inter alia, information on the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount), and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Facility Agreement as set out on pages 26 to 49 of the Circular.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we consider that the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) are conducted on normal commercial terms and in the ordinary and usual course of business of the Company, the terms and the transactions under the Facility Agreement are on normal commercial terms and are determined after arm's length negotiation, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Facility Agreement.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee  
**Meilleure Health International Industry Group Limited**

**Professor Chau Chi Wai, Wilton**

**Dr. Yang Yu**

**Mr. Wu Peng**

*Independent non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Facility Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*

**Rainbow Capital (HK) Limited**

17 January 2024

*To the Independent Board Committee and the Independent Shareholders of Meilleure Health International Industry Group Limited*

Dear Sir or Madam,

### **MAJOR AND CONTINUING CONNECTED TRANSACTION PROVISION OF REVOLVING FACILITY**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Facility Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 17 January 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 November 2023 (after trading hours), the Company and U-light Energy entered into the Facility Agreement, pursuant to which the Company agreed, by itself or through its designated lending subsidiary(ies), to grant to U-light Energy a revolving loan facility in the principal amount of up to a maximum of RMB200,000,000 at an interest rate of one-year LPR plus 3.05% per annum for the Drawdown Period. On the same date, Mr. Zhou (as guarantor) executed a deed of guarantee to provide the Personal Guarantee in favour of the Company to secure U-light Energy’s repayment obligations under the Facility Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, U-light Energy is owned as to 54.0625% in aggregate by Shenzhen Xiaozhou and its wholly-owned subsidiary, Wuhu Yizhou, which in turn is controlled by Ms. Zhou. Ms. Zhou is an executive Director and the chief executive officer of the Company. As such, each of U-light Energy and Shenzhen Xiaozhou is an associate of Ms. Zhou, and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the provision of the Revolving Facility constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision of the Revolving Facility (including an estimated maximum accrued interests) under the Facility Agreement exceeds 25% but is less than 100%, and such provision of financial assistance under the Facility Agreement is neither an acquisition nor a disposal, the provision of the Revolving Facility under the Facility Agreement constitutes a major transaction on the part of the Company and the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) are therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

As the provision of the Personal Guarantee by Mr. Zhou is conducted on normal commercial terms or better and is not secured by the assets of the Group, such provision of the Personal Guarantee to the Company, despite constitutes a financial assistance received by the Group, is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As at the Latest Practicable Date, Ms. Zhou, an executive Director and the chief executive officer of the Company and Mr. Zhou, a controlling shareholder of the Company and an associate of Ms. Zhou, are considered to have material interests in the Facility Agreement and Ms. Zhou and Mr. Zhou shall therefore abstain from voting at the SGM with respect to the resolution approving the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) pursuant to the articles of association of the Company and the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Professor Chau Chi Wai, Wilton, Dr. Yang Yu and Mr. Wu Peng, has been established to advise the Independent Shareholders on the Facility Agreement and the transactions contemplated thereunder. We, Rainbow Capital (HK) Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the provision of the Revolving Facility is on normal commercial terms and that the terms of the Facility Agreement and the transactions contemplated thereunder (including the proposed Annual Cap Amount) are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Facility Agreement is in the interest of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are independent from, and are not associated with the Company, U-light Energy and Shenzhen Xiaozhou, Ms. Zhou, Mr. Zhou and any of their respective associates who are interested or involved in the provision of the Revolving Facility. We did not have any relationships or interests in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group, U-light Energy and us. Apart from normal professional fees paid or payable to us in connection with this engagement as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Company or any other party related to the aforesaid transaction. Therefore, for the purpose of Rule 13.84 of the Listing Rules, we consider we are independent to the Company and are accordingly eligible to give independent advice in respect of the Facility Agreement and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the accuracy of the information, facts and representations supplied, and the opinions expressed to us, by the Group, the Directors and the management of the Group. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due and careful enquiries. We have also assumed that all information, facts, representations and opinions made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true, accurate and complete at the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the management of the Group. We have been confirmed by the management of the Group that no material facts have been omitted from the information provided by or referred to in the Circular.

We have assumed such information to be true, accurate and reliable and have not carried out any independent verification on the truth and accuracy of such information, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

We consider that we have reviewed sufficient information and documents to reach an informed view, to justify our reliance on the truth and accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. Based on the foregoing, we also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation. Details of our steps taken and analyses are set out in this letter.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Background information of the Group

The Company is a company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the business of residential and commercial real estate, healthcare-related, trading and equity investment.

Set out below is a summary of the consolidated financial information of the Group for (i) the years ended 31 December 2021 and 2022 as extracted from the Group's annual report for the year ended 31 December 2022 (the "2022 Annual Report"); and (ii) the six months ended 30 June 2022 and 2023 as extracted from the Group's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"):

##### (i) Financial performance

	For the year ended 31		For the six months ended	
	December		30 June	
	2022	2021	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>	119,894	253,031	74,838	64,614
— Healthcare-related business	53,784	52,697	19,751	38,232
— Trading business	37,127	149,055	43,323	11,743
— Property related business	28,983	51,279	11,764	14,639
<b>Gross profit</b>	66,761	100,929	36,949	44,068
<b>Fair value gains on investment properties</b>	13,581	15,190	122	7,788
<b>Gain on partial disposals of investment in a joint venture</b>	—	1,508	—	—
<b>Gain on partial disposals of investments at FVTPL</b>	—	—	2,427	—
<b>Gain on disposal of investment in a joint venture</b>	3,746	—	—	—
<b>Gain on deemed disposals of investments in associates/an associate</b>	6,209	343	—	—
<b>Gain on deemed disposals of investment in a joint venture</b>	—	12,993	—	—
<b>Loss on disposal of investment at FVTPL</b>	(520)	—	—	—
<b>Other income and (losses)/ gains, net</b>	(3,654)*	21,869*	6,671*	(6,523)*

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	For the year ended 31		For the six months ended	
	December		30 June	
	2022	2021	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Selling and distribution expenses</b>	(6,007)	(5,268)	(5,333)	(3,171)
<b>Administrative expenses</b>	(29,682)	(37,394)	(10,244)	(14,041)
<b>Reversal of impairment losses/ (impairment losses) of receivables, net</b>	1,172	(5,013)	(882)	(191)
<b>Finance costs</b>	(11,447)	(8,385)	(5,790)	(4,890)
<b>Share of losses of associates</b>	(2,723)	(4,372)	(138)	(1,916)
<b>Share of losses of joint ventures</b>	(12,051)	(6,696)	(2,636)	(7,409)
<b>Profit before tax</b>	25,385	85,704	21,146	13,715
<b>Profit attributable to owners of the Company for the year/period</b>	17,822	60,323	18,160	10,562

\* Such amounts included the interest income from loan receivables of approximately HK\$12.4 million and HK\$26.9 million for the years ended 31 December 2021 and 2022, respectively and the interest income from loan receivables of approximately HK\$9.4 million and HK\$9.4 million, respectively, for the six months ended 30 June 2022 and 2023.

*Year ended 31 December 2022 compared to year ended 31 December 2021*

Revenue of the Group decreased by approximately 52.6% from HK\$253.0 million for the year ended 31 December 2021 to approximately HK\$119.9 million for the year ended 31 December 2022. The decrease in revenue was mainly due to (a) the decrease in revenue derived from the trading business by approximately 75.1% from approximately HK\$149.0 million for the year ended 31 December 2021 to approximately HK\$37.1 million for the year ended 31 December 2022, mainly attributable to the decrease in sale of construction materials; and (b) the decrease in revenue derived from the property related business by approximately 43.5% from approximately HK\$51.3 million for the year ended 31 December 2021 to approximately HK\$29.0 million for the year ended 31 December 2022, mainly attributable to the decrease in property sales and consultancy service income. Both the decreases in revenue generated from the trading business and the property-related business were primarily due to the overall downturn in the real estate market of mainland China.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gross profit of the Group decreased by approximately 33.8% from approximately HK\$100.9 million for the year ended 31 December 2021 to approximately HK\$66.8 million for the year ended 31 December 2022, which was generally in line with the decrease in the Group's revenue.

Profit attributable to the owners of the Company decreased by approximately 70.5% from approximately HK\$60.3 million for the year ended 31 December 2021 to approximately HK\$17.8 million for the year ended 31 December 2022, primarily attributable to (a) the decrease in gross profit by approximately HK\$34.1 million as detailed in the above; (b) the unfavourable financial impact arising from the fair value changes on investments at FVTPL, which changed from a fair value gain of HK\$16.9 million for the year ended 31 December 2021 to a fair value loss of HK\$28.7 million for the year ended 31 December 2022, resulting in a turnaround from other income and net gains of approximately HK\$21.9 million for the year ended 31 December 2021 to other income and other losses of approximately HK\$3.7 million for the year ended 31 December 2022; (c) the increase in share of losses of joint ventures by approximately HK\$5.4 million; and (d) the increase in finance costs by approximately HK\$3.1 million.

*Six months ended 30 June 2023 compared to six months ended 30 June 2022*

Revenue of the Group increased by approximately 15.8% from HK\$64.6 million for the six months ended 30 June 2022 to approximately HK\$74.8 million for the six months ended 30 June 2023. The increase in revenue was mainly due to the increase in revenue derived from the trading business by approximately 270.1% from approximately HK\$11.7 million for the six months ended 30 June 2022 to HK\$43.3 million for the six months ended 30 June 2023, mainly attributable to the increases in sale of construction materials as mainland China reopens, and the increase in sales of photovoltaic components resulting from the increase in orders from the PRC and overseas market during the period. Such increases were partially offset by (a) the decrease in revenue derived from healthcare-related business from approximately HK\$38.2 million for the six months ended 30 June 2022 to approximately HK\$19.8 million for the six months ended 30 June 2023, mainly attributable to a decrease in the sales order of healthcare-related products; and (b) the decrease in revenue derived from property-related business from approximately HK\$14.6 million for the six months ended 30 June 2022 to approximately HK\$11.8 million for the six months ended 30 June 2023.

Gross profit of the Group decreased by approximately 16.3% from approximately HK\$44.1 million for the six months ended 30 June 2022 to approximately HK\$36.9 million for the six months ended 30 June 2023, mainly attributable to the decrease in gross profit generated from the healthcare-related business segment and the increase in the revenue of trading business of the Group which generally had a lower gross profit margin compared to other business segments of the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2023, profit attributable to the owners of the Company increased by approximately 71.7% from approximately HK\$10.6 million for the six months ended 30 June 2022 to approximately HK\$18.2 million for the six months ended 30 June 2023, primarily attributable to (a) the turnaround from other income and net losses of approximately HK\$6.5 million for the six months ended 30 June 2022 to other income and other gains of approximately HK\$6.7 million for the six months ended 30 June 2023, which was due to the decrease in fair value losses on investments at FVTPL of approximately HK\$15.8 million; (b) the decrease in share of losses of joint ventures by approximately HK\$4.8 million; and (c) the decrease in administrative expenses by approximately HK\$3.8 million.

(ii) *Financial position*

	<b>As at 30 June 2023</b>	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
<b>Non-current assets, mainly including:</b>	729,203	789,244	861,326
— Investment properties	535,349	560,149	593,647
— Investments in joint venture(s)	53,064	57,356	73,044
— Investments in associate(s)	9,172	9,740	52,219
— Investments at FVTPL	38,812	55,163	81,688
— Equity investments at FVTOCI	32,754	46,213	—
— Deferred tax assets	23,466	20,179	13,377
— Goodwill	18,500	18,500	18,500
— Prepayments, deposits and other receivables	7,321	10,141	22,881
<b>Current assets, mainly including:</b>	963,208	922,017	875,668
— Properties held for sale under development	252,792	256,519	259,064
— Prepayments, deposits and other receivables	583,057*	341,134*	126,553
— Investments at FVTPL	—	—	107,795
— Trade receivables	48,842	101,354	91,580
— Restricted deposit	1,868	—	369
— Bank and cash balances	65,243	210,987	272,591
<b>Total assets</b>	<b>1,692,411</b>	<b>1,711,261</b>	<b>1,736,994</b>

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	<b>As at 30</b>	<b>As at 31 December</b>	
	<b>June</b>	<b>2022</b>	<b>2021</b>
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
<b>Current liabilities, mainly including</b>	243,194	136,938	110,860
— Dividend payable	65,500	—	—
— Amounts due to related parties	44,765	6,901	7,530
— Bank borrowings — due within one year	78,665	78,235	58,337
— Accruals and other payables	26,220	29,488	24,507
— Contract liabilities	13,853	5,518	4,303
<b>Net current assets</b>	720,014	785,079	764,808
<b>Non-current liabilities, mainly including</b>	224,121	247,238	195,489
— Bank borrowings — due after one year	146,598	165,204	110,362
— Deferred tax liabilities	74,595	77,824	77,700
<b>Total liabilities</b>	467,315	384,176	306,349
<b>Equity attributable to the owners of the Company</b>	1,223,050	1,324,576	1,428,042

\* *Such balance included the loan receivables of approximately HK\$239.0 million and HK\$317.0 million as at 31 December 2022 and 30 June 2023, respectively.*

The total assets of the Group generally remained stable at approximately HK\$1,737.0 million, HK\$1,711.3 million and HK\$1,692.4 million as at 31 December 2021 and 2022 and 30 June 2023, respectively. The total assets mainly included investment properties, properties held for sale under development, prepayments, deposits and other receivables (including loan receivables), bank and cash balances, investments in joint ventures and associates, trade receivables, investments at FVTPL, equity investments at FVTOCI, goodwill and deferred tax assets. As at 30 June 2023, the Group had bank and cash balances of approximately HK\$65.2 million, which decreased significantly by approximately 69.1% as compared to approximately HK\$211.0 million as at 31 December 2022. The decrease in bank and cash balances was mainly because of the increase in amount lent to borrowers, with loan receivables increased from approximately HK\$239.0 million as at 31 December 2022 to approximately HK\$317.0 million as at 30 June 2023. The entire amount of the principals and interests of loan receivables as at 30 June 2023 shall be received in full in or before the first half of 2024.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The equity attributable to owners of the Company further decreased by approximately 7.7% from approximately HK\$1,324.6 million as at 31 December 2022 to approximately HK\$1,223.1 million as at 30 June 2023, mainly due to the declaration of final dividend for the year ended 31 December 2022 of approximately HK\$65.5 million which were payable as at 30 June 2023.

### 2. Background information of U-light Energy and the Guarantor

#### *U-light Energy*

U-light Energy is a company established in the PRC with limited liability, which is principally engaged in investment, construction and operation of zero-carbon parks such as distributed photovoltaic power stations as well as integrated photovoltaic storage and charging parking systems.

U-light Energy is owned as to 46.8750%, 7.1875%, 4.8750% and 0.9375% by Shenzhen Xiaozhou, Wuhu Yizhou, Wuhu Ruima and Zeng Kui (曾揆), respectively, the remaining equity interest of which of 40.1250% in aggregate is held by 12 shareholders, namely Shanghai Zhenhaoneng, Hunan Ramon, Shenzhen Guandian, Suzhou Kangli, Suzhou Boerkon, Deng Xiaoyun (鄧小雲), Gu Chunbao, (顧春保), Wang Le (汪樂), Wang Nan (王南), Wu Wenli (吳文利), Oriental Yuhong and Suqian Huaixin, who are independent third parties (the “**Non-connected Shareholders**”).

According to the unaudited consolidated financial statements of U-light Energy for the ten months ended 31 October 2023, U-light Energy had net current assets and net asset value of approximately RMB93.0 million and RMB183.5 million, respectively. For the ten months ended 31 October 2023, U-light Energy recorded the revenue and profit attributable to the owner of U-light Energy approximately RMB69.1 million and RMB6.4 million, respectively.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Non-Connected Shareholders and their respective ultimate beneficial owners (where applicable) are not connected persons of the Company and are third parties independent of the Company.

#### *The guarantor*

The Guarantor is Mr. Zhou, a co-chairman, an executive director and a controlling shareholder of the Group. The Guarantor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. To the best knowledge of the management of the Group, the guarantor did not have any material event of default of liabilities in the last five consecutive years. In order to assess the financial credibility of the guarantor, we have obtained and reviewed the investment accounts statements of Zhongjia U-Home Investment Limited, a company indirectly wholly owned by Mr. Zhou, as at 31 October 2023. Based on the statement, the net market values of the investments held by Zhongjia U-Home Investment Limited amounted to over HK\$380 million, which is higher than the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

maximum principal amount of the Revolving Facility. On the basis of the above, we consider that the guarantor has sufficient financial resources for acting as the guarantor to the Revolving Facility.

As stated in the Letter from the Board, the Group obtained and reviewed (i) the investment accounts statements of Zhongjia U-Home Investment Limited, a company indirectly wholly owned by Mr. Zhou, as at 31 October 2023, where the net market value of the investments held by Zhongjia U-Home Investment Limited amounting over HK\$380 million was recorded, which can cover the maximum principal amount of the Revolving Facility; (ii) the credit report of Mr. Zhou issued by QCC.com (企查查), a PRC enterprise and business information enquiry platform, and noted that (1) Mr. Zhou has not been a dishonest judgment debtor or dishonest person subject to enforcement (被執行人或失信被執行人) or had any records of defaults, and (2) no other material adverse findings was reported or otherwise identified by the Company; and (iii) the background search results of Mr. Zhou, and no material negative findings were found. Based on the confirmation from Mr. Zhou as obtained by the Company, he has not been involved in any legal proceedings as at the Latest Practicable Date. As such, the Company considers that Mr. Zhou has sufficient financial resources for acting as the guarantor of the Revolving Facility.

In assessing the credibility of Mr. Zhou and Zhongjia U-Home Investment Limited, we have also performed the due diligence works including (i) the review of investment accounts statements of Zhongjia U-Home Investment Limited and noted that Zhongjia U-Home Investment Limited held shares of certain companies listed on the Stock Exchange, including the Company, Xiaomi Corporation (Stock Code: 1810), BYD Company Limited (Stock Code: 1211) and Sun.King Technology Group Limited (Stock Code: 580), all of which with trading liquidity in the market, with net market values of over HK\$380 million, which can cover the maximum principal amount of the Revolving Facility and the interests; (ii) the review of the credit report of Mr. Zhou issued by QCC.com (企查查), one of the most commonly used PRC enterprise and business information enquiry platform, which we consider to be a reliable and credible source for assessing enterprise and business information in the PRC. Based the credit report, we noted that Mr. Zhou has not been a dishonest judgment debtor or dishonest person subject to enforcement (被執行人或失信被執行人) or was not involved in any records of defaults; and (iii) performing a background search on Mr. Zhou through (1) QCC.com (企查查); and (2) performed the negative news search on the internet to identify if Mr. Zhou has been a dishonest judgment debtor or dishonest person subject to enforcement (被執行人或失信被執行人) or has involved in any records of default or litigations. Based on the search results and the confirmation from the Company, Mr. Zhou was not involved in any records of default or litigations and he has not been a dishonest judgment debtor or dishonest person subject to enforcement (被執行人或失信被執行人).

Based on the above, we concur with the management of the Group that Mr. Zhou has sufficient financial resources and credibility for acting as the guarantor to the Revolving Facility.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 3. Reasons for and benefits for the provision of the Revolving Facility

As disclosed in the Letter from the Board, the Group has provided short-term interest-bearing loans to its customers with a view to increase the rate of return of the Group's cash and cash equivalents which can improve the investment income and the returns of the Shareholders. In view of such practice, the Board is of the view that the entering into of the Facility Agreement is in line with the ordinary and usual course of business of the Group.

As disclosed in the Letter from the Board, the interest rate of one-year LPR plus 3.05% per annum offered by the Company to U-light Energy for the provision of the Revolving Facility was determined after arm's length negotiation between the Company and U-light Energy with reference to (i) the interest rates of the short-term RMB bank loans of the Group in the PRC ranging from one-year LPR plus 0.35% to one-year LPR plus 0.95% per annum; and (ii) the interest rates of the outstanding interest-bearing RMB loans provided by the Company to third parties ranging from approximately 3% to 6% per annum. For illustration purpose, given the current LPR for the one-year term is 3.45%, the applicable interest rate of the Loan would be 6.5% per annum, and the annual interest income to be generated from the provision of the Revolving Facility would be RMB13 million. In that case, as compared to the existing outstanding RMB loans granted to independent third parties by the Group as at 31 December 2023 with an average interest rate of approximately 4% per annum, based on the maximum annual principal amount to be granted under the Revolving Facility, i.e. RMB200,000,000, the Group would be able to generate an additional annual interest income of approximately RMB5 million from the provision of the Revolving Facility. Accordingly, the Board considers that such interest rate offered by the Company to U-light Energy under the Revolving Facility is higher than the range of interest rates charged by the Group on its short-term bank loans in the PRC, and the provision of the Revolving Facility will provide a better return on the Group's temporarily surplus cash resources which is beneficial to the Group and the Shareholders as a whole. As such, the Directors consider that the Group is also indirectly benefitted from the Investment Plan through the provision of the Revolving Facility to U-light Energy.

According to the 2022 Annual Report and the 2023 Interim Report, the Group has been providing short-term interest-bearing loans to independent third parties borrowers and generated interest income of approximately HK\$12.4 million, HK\$26.9 million and HK\$9.4 million for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, respectively, representing approximately 14.5%, 106.0% and 44.5% of the Group's profit before tax for the respective periods. Hence, interest income has been a major contributor to the profits of the Group for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023. As mentioned in "1. Background information of the Group" above, as at 30 June 2023, the Group had bank and cash balances and loan receivables of approximately HK\$65.2 million and HK\$317.0 million, respectively, with the entire amount of the loan receivables shall be received in full by the Group in or before the first half of 2024. Accordingly, the Group is expected to have abundance cash resources in the first half of 2024 following the full settlement of the loan receivables. In this regard, through the provision of the Revolving Facility, the Group is expected to generate the interest income of a maximum of RMB13 million per year during the term of the Facility Agreement. Based on the above, we concur with the Directors that the provision of the Revolving Facility represents a good opportunity for the Group to make use of its idle funds so as to increase the rate of return of the Group's cash and cash equivalents and therefore in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the other hand, we have obtained and reviewed the working capital forecast of the Group. Based on the forecast, even in the scenario that the full amount of the Revolving Facility of RMB200,000,000 would be drawdown in full immediately after the Facility Agreement becomes effective, the Group is still expected to have sufficient working capital to satisfy its present requirements for the next twelve months from the date of the Circular. In addition, we also noted that pursuant to the terms of the Facility Agreement, the Company will have the sole discretion for the provision of the facility based on its internal financial resources from time to time. According, we concurs with the Directors that the provision of the Revolving Facility would not have adverse impact on the business operations of the Group.

### *The comparison of the terms of the Facility Agreement with the Group's loan receivables and the Group's existing bank borrowing*

Based on the 2023 Interim Report, the interest rates of the outstanding loan receivables ranged from 3.0% to 8.0% per annum. As advised by the management of the Group, the interest rates of the outstanding loan receivables in Renminbi ranged from 3.0% to 6.0%, which is lower than that under the Facility Agreement. Such outstanding loan receivables were unsecured and unguaranteed, with repayment period within 12 months. Although the loan sizes of the outstanding loan receivables are smaller than the Revolving Facility and with shorter repayment period, which generally implies for lower interest rate, the outstanding loan receivables were unguaranteed and the Company has no discretion over the provision of facilities. Given that (i) the Revolving Facility was guaranteed by the guarantor and provided higher security for the Company; and (ii) the Company has the sole discretion for the provision of the Revolving Facility based on its internal financial resources, which can provide the Group with higher flexibility, we consider the Revolving Facility could be comparable to the outstanding loan receivables of the Group and provide a reference to the terms of the loans granted by the Group. In view of the longer loan period and bigger loan size are justified by the guarantee and flexibility provided under the Facility Agreement as well as the higher interest rate, we concur with the management of the Group that the terms are fair and reasonable.

On the other hand, the Group had outstanding bank borrowings of approximately HK\$225.3 million as at 30 June 2023. As advised by the management of the Group, its bank borrowings carry fixed interest rates ranged from 4% to 4.5% per annum, which were lower than interest rate under the Facility Agreement. As stated in the Letter from the Board, the interest rates of the short-term RMB bank loans of the Group in the PRC ranging from one-year LPR plus 0.35% to one-year LPR plus 0.95% per annum and the current LPR for the one-year term is 3.45%, which were also lower than interest rate under the Facility Agreement. Therefore, we consider the interest rate under the Facility Agreement is fair and reasonable and is in the interest of the Company.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Comparison of the interest rate under the Facility Agreement with those interest rates for placing deposits offered by commercial banks in the Hong Kong and PRC*

To further assess the fair and reasonableness of the interest rate under the Facility Agreement, we have independently researched on the interest rate of time deposits. Based on the corporate websites of commercial banks in Hong Kong and the PRC, namely Hang Seng Bank, Bank of China, Fubon Bank (Hong Kong) Limited and Bank of Ningbo, we noted that the interest rates for placing 12-months' time cash deposits in Renminbi ranged from 0.35% to 2.8% per annum for placing in commercial banks in the Hong Kong, and ranged from 1.55% to 1.95% the PRC for placing in commercial banks in the PRC. In addition, according to the website of the People's Bank of China, the interest rate of 12-months' time cash deposits is 1.50%. Therefore, the interest rate under the Facility Agreement is significantly higher than all of the abovementioned interest rates. Based on the above, we are of the view that the Revolving Facility could provide a higher rate of returns to the Group as compared to placing the idle cash as timed deposits in commercial banks.

### *Repayable ability of U-light Energy*

In order to assess the financial strengths, the credit profile and the repayable ability of U-light Energy, we have obtained and reviewed the unaudited consolidated financial statements of U-light Energy as at 31 October 2023, and we noted that the net assets value and net current assets of U-light Energy amounted to approximately RMB183.5 million and RMB93.0 million, respectively, which represented a generally healthy financial position. For the ten months ended 31 October 2023, U-light Energy recorded the revenue and profit attributable to the owner of U-light Energy of approximately RMB69.1 million and RMB6.4 million, respectively, which represents U-light Energy is operating with profit. In addition, we have also obtained and reviewed the credit report of U-light Energy and we noted that U-light Energy had no record of default of payment nor non-compliance. Accordingly, we concur with the management of the Group that the default risk of U-light Energy is not high. Given that the Company indirectly holds 4.8750% equity interest in U-light Energy, the Company would also be able to monitor the progress of the Investment Plan and benefit from the revenue generated from the Investment Plan.

As stated in the Letter from the Board, U-light Energy plans to utilise the proceeds from the Revolving Facility to invest in the construction of the infrastructure in zero-carbon parks in the PRC, such as distributed photovoltaic power stations and integrated light storage and charging parking lot system (the "**Investment Plan**"). The Investment Plan forms the principal part of the expansion plan formulated by U-light Energy from 2024 to 2026, with an aim to become one of leading operator of distributed photovoltaic power stations as well as integrated photovoltaic storage and charging parking systems, and U-light Energy has obtained all the necessary government licenses and approvals for said construction of the infrastructure in zero-carbon parks in the PRC. Details of the implemental plan of the Investment Plan is set out in the section headed "Reasons for and Benefits from the Provision of the Revolving Facility" in the Letter from the Board, which set out, among others, the infrastructure to be developed and their respective



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

expected capital expenditure requirement for the three years ending 31 December 2026. In this regard, we have obtained and reviewed (i) the relevant government licenses and approvals for the construction of the infrastructure; and (ii) the financial budget of the Investment Plan and noted that U-light Energy is planning to build photovoltaic power stations and charging parking lot system in China from 2024 to 2026, which is in line with the term of the Revolving Facility. In addition, we have also obtained and reviewed the working capital forecast (the “**Forecast**”) of U-light Energy as prepared by U-light Energy and noted that U-light Energy is expected to grow substantially from 2024 to 2026 when the Investment Plan is implemented. For details of the Forecast, including its basis and major assumptions, please refer to the section headed “Reasons for and Benefits from the Provision of the Revolving Facility” in the Letter from the Board. We have reviewed the major assumptions of the Forecast and did not notice there are any assumptions that are unusual. Based on the Forecast, U-light Energy would record substantial growth in revenue and profit from the new photovoltaic power stations and charging parking lot systems when the Investment Plan is implemented, which is made with reference to, among others, the secured contracts and memoranda of understandings entered into by U-light Energy as at 29 December 2023, which we have also obtained and reviewed.

In respect of the implementation of the Investment Plan, we noted that the implementation of the Investment Plan is led by a group of seasoned veterans who have extensive experience in strategic planning, new energy industry and engineering with educational background all relevant to the business of U-light Energy, details of which are set out in the Letter from the Board. In this respect, we have also obtained and reviewed the CVs of the directors of U-light Energy and noted that they possess the relevant experience for implementing the Investment Plan.

On the other hand, the PRC government has been dedicated in increasing the scale of solar power generation as an essential task in the China’s 14th Five-Year Plan (2021–2025). According to China’s 14th Five Year Plan (2021–2025), photovoltaic power generation has become one of the key development directions and the government will drive the replacement of traditional energy sources, and thereby benefiting the development of the photovoltaic industry in the long run. In 2023, the PRC government has further promulgated certain notices relating to the provision of subsidies to the photovoltaic industry, so as to support the investment in research and development of photovoltaic technologies, and construction and enhancement of photovoltaic infrastructure and to cater the funding needs of private photovoltaic enterprises. Besides, as part of the PRC government’s effort to encourage and support the development of the photovoltaic industry, electricity generation enterprises may sell and transfer excess electricity generated using photovoltaic technologies (“自發自用、餘電上網”) to the State Grid Corporation of China (國家電網) at a reasonable price to be determined by the relevant PRC government authorities from time to time according to the notice on matters relevant to photovoltaic power generation as promulgated by the National Energy Administration, Ministry of Finance of the National Development and Reform Commission of the PRC. According to the photovoltaic industry analysis report issued by Cinda Securities Co., Ltd in October 2023, for the eight months ended 31 August 2023, the Chinese domestic new photovoltaic installation (中國光伏新增裝機量) reached 113.16GW, representing an increase of approximately 154.46% as compared to the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

corresponding period in 2022. It is expected that the Chinese domestic new photovoltaic installation will increase from 149GW in 2023 to 273GW in 2025, with a compound annual growth rate of 35.43%. In addition, according to the Shenzhen Gaogong Industrial Research Consulting Co., Ltd., the distributed photovoltaic power stations and integrated photovoltaic storage market will grow at a CAGR 54% from 2022 to 2026. As such, we consider that the prospect of the photovoltaic industry in the PRC is positive in coming years. With the support of the PRC government and the positive outlook of the photovoltaic industry, we concur with the management of the Group that U-light Energy may achieve rapid business growth in coming years if its Investment Plan successfully implemented.

Further, U-light Energy has entered into a strategic partnership with a company listed on the Stock Exchange, Haitong Unitrust International Financial Leasing Co., Ltd (stock code: 1905) since 2021 for the provision of financial support and other fundraising services with a scale up to RMB1 billion in support of U-light Energy to develop its photovoltaic business in light of the recent aim to reduce carbon emission as emphasised by the PRC government. Such support from an established financial institution has demonstrated the confidence of financial institutions in the prospects of the photovoltaic industry in the PRC, and more importantly, the repayment ability of U-light Energy. Moreover, U-light Energy has completed its series A fundraising and obtained net proceeds of approximately RMB120 million in August 2023, such successful equity financing activity has indicated the confidence of investors in the prospects of U-light Energy as well as the endorsement of investors of the current business model and operation of U-light Energy, irrespective of its current financial position as a startup company. Based on the foregoing, we concur with the Directors that the Forecast shall be feasible and achievable.

As advised by the management of the Group, the Company will also monitor U-light Energy's implementation progress of the Investment Plan from time to time before the grant of the Revolving Facility, which includes (i) obtaining and reviewing the unaudited quarterly management accounts of U-light Energy after the end of each fiscal quarter in order to make timely assessment of the financial position and repayment ability of U-light Energy from time to time; (ii) calculating the leverage ratios and liquidity ratios of U-light Energy to assess U-light Energy's ability to meet its debt obligations from time to time based on the aforesaid financial information to be obtained; (iii) obtaining and reviewing the quarterly report on the implementation progress of the Investment Plan to be prepared by U-light Energy so as to assess and evaluate the operation and performance of U-light Energy and keep track of the actual implementation progress against the planned schedules of the Investment Plan; and (iv) convening meetings with the management of U-light Energy from time to time to keep abreast of the operation of U-light Energy and assess the actual funding needs of U-light Energy. Based on the above, we concur with the management of the Group that the Company would be able to monitor the implementation progress of the Investment Plan when the Company consider the granting of the Revolving Facility.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As further advised by the management of the Group, U-light may require additional funding in addition to the Revolving Facility depending on the implementation progress of the Investment Plan. U-light had considered obtaining a pro-rata shareholding loan for the implementation of the Investment Plan. However, having considered (i) the Group is expected to have abundant idle cash resources after the repayment of the existing loan receivables in the first half of 2024; (ii) the Revolving Facility can generate interest income to the Group with interest rate higher than the loans granted to independent third party borrowers as well as the interest rate of the existing RMB bank borrowings of the Group; (iii) the Revolving Facility was guaranteed by the guarantor and provided higher security for the Company, as compared to the existing loan receivables to the third parties; and (iv) the Company could monitor the implementation progress of the Investment Plan and has the sole discretion for the provision of the Revolving Facility under the Facility Agreement, the management of the Group considered the entering into of the Facility Agreement is in the interests of the Company and its Shareholders as a whole.

Having considered that (i) the Group could derive the interest income from the provision of the Revolving Facility with interest rate which is generally higher than the interest rate on the loans provided to independent third party borrowers; (ii) the Group would have significant amount of idle fund after the repayment of the existing loan receivables in the first half of 2024; (iii) the interest rate under the Facility Agreement is higher than the interest rate of the existing RMB bank borrowings of the Group as well as the market timed deposits rates; (iv) the Group have sufficient working capital and the provision of the Revolving Facility is not expected to adversely impact the business operations of the Group; (v) the Company will have the flexibility on the provision of the Revolving Facility based on its financial resources from time to time; (vi) the Group has implemented internal control measures to monitor the Revolving Facility; (vii) the financial position and performance of U-light Energy is generally healthy and the Company could monitor and benefit from its Investment Plan; (viii) financial performance of U-light Energy will grow substantially if the Investment Plan is successfully implemented; and (ix) the Revolving Facility was guaranteed by the guarantor and provided higher security for the Company, we concur with the Directors that the provision of Revolving Facility is conducted in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole.

#### 4. Principal terms of the Facility Agreement

The major terms of the Facility Agreement are summarised as follows:

<b>Date:</b>	27 November 2023
<b>Parties:</b>	(a) The Company (and/or its designated lending subsidiary(ies), as the lender; and (b) U-light Energy, as the borrower.
<b>Facility Limit:</b>	A revolving loan facility in the principal amount of up to a maximum of RMB200,000,000 at any time during the Drawdown Period.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Interest rate:** The annual interest rate applicable to the Facility Agreement is the annual LPR for one year term announced for each year on the day before the Drawing Date plus 3.05%.
- Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears, or such other interest payment date as may be mutually agreed between the Company and U-light Energy.
- Default interest:** 12% per annum, to be accrued on a day-to-day basis and calculated on the basis of the actual number of days elapsed over a year of 365 days.
- Drawdown Period:** The period commencing on 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent in the Letter from the Board) and ending on the date immediately prior to the earlier of (i) 31 December 2026; and (ii) the date on which the Revolving Facility is terminated upon the occurrence of an Event of Default under the provision of the Facility Agreement.
- Term of the Revolving Facility:** From 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent in the Letter from the Board) to 31 December 2026.
- Repayment:** U-light Energy may repay the whole or any part of the amount drawn under the Revolving Facility on or before 31 December 2026.
- Prepayment:** U-light Energy may on any Business Day prepay the whole or any part of the amount drawn under the Revolving Facility together with interest accrued thereon by giving the Company not less than two Business Days' prior written notice specifying the date of prepayment and the amount to be prepaid.
- Security:** Pursuant to the deed of guarantee dated 27 November 2023, Mr. Zhou has agreed to provide a personal guarantee in favour of the Company to secure all the repayment obligations of U-light Energy under the Facility Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### **Drawdown conditions:**

U-light Energy may draw under the Revolving Facility provided that:

- (a) no Event of Default or prospective Event of Default has occurred and all representations, warranties and undertakings given by U-light Energy under the Facility Agreement are true and correct as at the date of each drawing;
- (b) it gives the Company a notice of drawing (the “**Notice of Drawing**”) in the manner set out in the Facility Agreement;
- (c) it has received a written confirmation from the Company approving the Notice of Drawing and confirming the provision of the Loan. Such confirmation may be withheld by the Company at its sole discretion subject to the availability of its internal financial resources from time to time, and the Company shall reply to U-light Energy for its decision within 5 Business Days upon receiving the Notice of Drawing; and
- (d) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed the Facility Limit.

### **Condition precedent:**

- (a) The provision of the Revolving Facility is subject to and conditional on the approval of the Independent Shareholders at the SGM; and
- (b) The execution of a deed of guarantee by Mr. Zhou guaranteeing all the repayment obligations of U-light Energy under the Facility Agreement in favour of the Company.

## **5. Comparison with Comparable Transactions**

To assess the fairness and reasonableness of the terms of the Facility Agreement,, we have conducted an independent research from the website of the Stock Exchange on continuing connected transactions related to the provision of loan(s) in Renminbi by listed companies on the Stock Exchange to connected persons (excluding any provision of loan related to the acquisition or disposal, issue of shares, mortgage loan, interbank transactions or amendment of terms of loan), and we noted there were 13 comparable transactions (the “**Comparable Transactions**”) which were announced during the period from 1 January 2023 to 27 November 2023, being the date of the Facility Agreement (the “**Review Period**”). We considered the Review Period represents a sufficient period of time to reflect the prevailing market conditions for conducting such transactions.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the business, operations and prospects of the Comparable Transactions may not be identical to those of the Company and we have not conducted any detailed investigation into the respective businesses and operations of the Comparable Transactions. Nevertheless, having considered the Comparable Transactions (i) are the most recent continuing connected transactions related to the provision of loans in Renminbi by companies listed on the Stock Exchange to connected persons; and (ii) provide a reasonable reference as to the practice of companies listed in Hong Kong for conducting similar continuing connected transactions under the Facility Agreement, we consider that the Comparable Transactions are exhaustive samples selected based on the selection criteria which are fair, relevant and indicative in assessing the fairness and reasonableness of the key terms of the Facility Agreement. The table below set out details of the Comparable Transactions:

	Date of announcement	Company name and Stock code	Loan amount (RMB in million)	Interest rate per annum (approximately)	Default interest rate per annum	Guarantee Terms (Y/N) (months)
1	25/10/2023	China Coal Energy Company Limited (1898)	24,000 to 27,000	Not lower than 3.65% (Note 1)	N (Note 4)	36 N
2	11/10/2023	Sinofert Holdings Limited (297)	1,000	Not specified (Note 2)	N (Note 4)	36 Y
3	30/8/2023	PetroChina Company Limited (857)	28,100 to 29,500	Not lower than 3.65% (Note 1)	N (Note 4)	36 N
4	12/5/2023	China Jinmao Holdings Group Limited (817)	1,530	1.825% to 5.475% (Note 3)	N (Note 4)	36 N
5	3/4/2023	China Resources Pharmaceutical Group Limited (3320)	789	Not specified (Note 2)	N (Note 4)	36 Y
6	31/3/2023	CITIC Limited (267)	15,000 to 15,800	Not specified (Note 2)	N (Note 4)	30 N
7	31/3/2023	Sinotruk (Hong Kong) Limited (3808)	3,338	Not lower than 3.65% (Note 1)	N (Note 4)	36 N
8	24/3/2023	China Resources Beer (Holdings) Company Limited (291)	2,700	Not specified (Note 2)	N (Note 4)	36 Y
9	24/3/2023	China Jinmao Holdings Group Limited (817)	550	1.825% to 5.475% (Note 3)	N (Note 4)	9 N
10	15/3/2023	AviChina Industry & Technology Company Limited (2357)	200	Not lower than 3.65% (Note 1)	N (Note 4)	33.5 Y
11	22/2/2023	China Resources Gas Group Limited (1193)	2,000	Not specified (Note 2)	N (Note 4)	34.5 Y
12	20/2/2023	China Resources Mixc Lifestyle Services Limited (1209)	1,000	Not specified (Note 2)	N (Note 4)	35.5 Y
13	3/1/2023	Neo-Neon Holdings Limited (1868)	400	Not lower than 3.65% (Note 1)	3.65%	36 N
<b>Comparable Transactions:</b>						
		Maximum		5.48%	3.65%	36.0
		Minimum		3.65%	0.00%	9.0
		Average		3.65% (Note 5)	3.65%	32.6
		The Company		6.50%	12.00%	36.0

Source: The website of the Stock Exchange

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Note 1:* According to the announcements, the interest rates for loans shall be determined by both parties on normal commercial terms and on an arm's length basis with reference to factors such as the loan prime rate (LPR), credit ratings, market conditions, the nature of the loan and the interest rates for similar services provided by general commercial banks in the PRC from time to time with similar terms of services. Under normal circumstances, the interest rate of the loan shall not be lower than the LPR as published by the National Interbank Funding Centre from time to time. According to the announcement of National Interbank Funding Centre and the China's People bank of China, the LPR is 3.65% at the time of signing of the loan agreements.

*Note 2:* According to the announcements, no specific interest rate was noted.

*Note 3:* According to the announcements, the interest rate of each of the loans shall be determined with reference to the LPR for one-year loan as published by the National Interbank Funding Centre from time to time, subject to a floating range of 50% higher or lower than such rate. According to the announcement of National Interbank Funding Centre and the China's People bank of China, the LPR is 3.65% at the time of signing of the loan agreements. Therefore, the interest rate shall be ranged from 1.825% to 5.475%.

*Note 4:* According to the announcements, no specific default interest rate or information regarding the default rate was mentioned.

*Note 5:* Since no. 4 & 9 loan above have a range of interest rates from 1.825% to 5.475%, the average interest rate of 3.65% is used for the calculation of the average interest rate of the Comparable Transactions.

### **(a) Interest Rate**

Based on the above table, we noted that the annual interest rate of the Comparable Transactions ranged from approximately 3.65% to 5.48% with an average annual interest rate of approximately 3.65%. The interest rate of the Facility Agreement of 6.50% is higher than the range of the interest rate of the Comparable Transactions and the average interest rate of the Comparable Transactions.

### **(b) Default Interest Rate**

Based on the above table, we noted that only one out of 13 Comparable Transactions included default interest rates, which is at 3.65%. The default interest rate of the Facility agreement of 12.00% is hence higher than the default interest rate of the Comparable Transactions.

We are of the view that the default interest rate of the Facility Agreement provides a better protection to the Company and is beneficial to the Company and in the interests of the Shareholders.

### **(c) Term**

Based on the above table, we noted that the term of the Comparable Transactions ranged from 9 months to 36 months with an average term of approximately 32.6 months. The term of the Facility Agreement is hence within the range of and higher than the average term of the Comparable Transactions.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### (d) Guarantee

Based on the above table, we noted that only six out of 13 Comparable Transactions were guaranteed by guarantor(s) to secure repayment. It is thus considered that the unconditional and irrevocable guarantee provided by Mr. Zhou as the guarantor in favour of the Company to secure the payment of all sums outstanding under the Facility Agreement is a favorable term to the Company. In our view, such Personal Guarantee in place offers a higher level of protection to safeguard the interests of the Company and its Shareholders as a whole.

In view of the above, we consider that the terms of the Facility Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### 6. Proposed Annual Cap Amount

As stated in the Letter from the Board, the proposed Annual Cap Amount (excluding the interests to be accrued thereon) of RMB200 million in respect of the Revolving Facility under the Facility Agreement for the years ending 31 December 2024, 2025 and 2026 was determined after arm's length negotiation between the Company and U-light Energy, taking into account (i) the Group's internal financial resources available and financial strengths; (ii) the current operations and development of the business of U-light Energy; (iii) the future funding needs of U-light Energy for the implementation of the Investment Plan; and (iv) the maximum principal amount of the Revolving Facility to be granted by the Company to U-light Energy pursuant to the Facility Agreement.

As illustrated in the section headed "3. Reasons for and benefits for the provision of the Revolving Facility" above, the Group is expected to have abundant idle cash resources after the existing loan receivables are fully settled in early 2024. As advised by the management of the Group, as at 31 October 2023, the Group's bank and cash balances and loan receivables amounted to approximately HK\$36.3 million and HK\$288.6 million, respectively. Hence, the Group's bank and cash balances will increase to approximately HK\$324.9 million after the full settlement of the existing loan receivables, which exceeds the maximum principal amount of the Revolving Facility significantly.

It is noted that the maximum amount that could be granted under the Revolving Facility represented approximately 67% of the Group's bank and cash balances. Nevertheless, having considered (i) the Company has the sole discretion for the provision of the facility based on its internal financial resources as well as the Company's assessment on the financial performance and condition of U-light Energy; (ii) the Group could more closely monitor the performance of U-light Energy than other independent borrowers given the Company has shareholding in U-light Energy; and (iii) the Company has implemented internal control and risk management measures to monitor the Revolving Facility, details of which are set out in the section headed "Internal control measures and annual review of the continuing connected transactions" below, and such internal control measures has been effectively implemented on the existing outstanding loan receivables of the Group, the Company considers that the credit concentration risks associated with the Revolving Facility is acceptable.



## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

In respect of the funding requirements of U-light Energy, we were advised by the management of the Group that U-light Energy is at a growing stage and further business growth would be expected as U-light Energy implements the Investment Plan. Based on the Investment Plan, U-light Energy is planned to build photovoltaic power stations and charging parking lot system in China from 2024 to 2026, which is in line with the term of the Facility Agreement. Based on the financial budgeting of the Investment Plan, the capital requirement for the above constructions will be over RMB200 million. Similar to the generation of other energy, the photovoltaic industry is capital intensive in line with the nature of the power and energy industry, especially for the initial installation of power stations and other ancillary facilities. Therefore, we concur with the management of the Group that U-light Energy has the funding needs under the Facility Agreement with such amount required for the abovesaid constructions for U-light Energy is reasonable, and the provision of the Revolving Facility would enable U-light Energy to further develop its business and achieve business growth, and thereby indirectly benefitting the Group.

Based on the above, we consider the proposed Annual Cap Amount contemplated under the Facility Agreement is fair and reasonable.

However, as the proposed annual caps under the Facility Agreement are determined based on information currently available to the Group and the utilisation of the respective proposed annual caps refer to future events associated with factors related to, among others, business decisions by the Group, we express no opinion as to the accuracy and utilisation of the proposed annual caps under the Facility Agreement.

The Investment Plan is based on the information currently available to the Group and U-light Energy, there is no assurance to the implementation of such business plan and the financial performance of U-light Energy.

### **INTERNAL CONTROL MEASURES AND ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS**

In order to properly mitigate the risks associated with the Revolving Facility, the Group will implement certain internal control and risk management measures including designating specific personnel of its accounting/compliance department to monitor and report the liquidity status of U-light Energy to the management of the Group on a monthly basis and the senior management of the Company will regularly report the status of the Revolving Facility to the independent non-executive Directors and will seek their view in the event that any potential issue in respect of the Revolving Facility/or and the Personal Guarantee arises.

According to the representation by the Company, the Company has established the following internal control measures in relation to the Facility Agreement:

- (i) Designated personnel from finance department will perform regular check to review and assess whether the loan is provided in accordance with the terms and conditions of the Facility Agreement;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) The audit committee of the Board will review the report prepared by the management of the Company based on the continuing connected transactions conducts at least twice a year;
- (iii) The independent non-executive Directors and external auditors will review and report on the continuing connected transactions pursuant to Rules 14A.55 and 14A.56 of the Listing Rules; and
- (iv) Pursuant to the Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transactions contemplated under the Facility Agreement are subject to the following requirements:
  - (a) The independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
    - (i) in the ordinary and usual course of business of the Group;
    - (ii) on normal commercial terms or better; and
    - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
  - (b) The independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
    - (i) in the ordinary and usual course of business of the Group;
    - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
    - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
    - (iv) have exceeded the proposed Annual Cap Amount.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the monthly report of the finance department which assess whether the outstanding loans of the Group were provided in accordance with their terms and conditions, and no excessive loan or unauthorised loan were granted. Given that the existing loans of the Group were properly monitored and the Revolving Facility will be monitored under the same internal control measures, we consider the internal control measure to be adopted by the Group for monitoring the Revolving Facility would also be effectively implemented. In view of the internal control measures established by the Company

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

in relation to the continuing connected transactions, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transactions under the Facility Agreement and safeguard the interests of the Independent Shareholders.

**OPINION AND RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the opinion that (i) the terms of the Facility Agreement (including the proposed annual caps) and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Facility Agreement is conducted in ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution be proposed at the SGM to approve the Facility Agreement and the transactions contemplated.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.*

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2022 and the six months ended 30 June 2023 are disclosed in the following documents which are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.meilleure.com.cn](http://www.meilleure.com.cn):

- (i) the annual report of the Company for the year ended 31 December 2020;
- (ii) the annual report of the Company for the year ended 31 December 2021;
- (iii) the annual report of the Company for the year ended 31 December 2022; and
- (iv) the interim report of the Company for the six months ended 30 June 2023.

## 2. WORKING CAPITAL

After taking into account the financial resources available to the Group, including the internally generated funds and the presently available credit facilities, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

## 3. INDEBTEDNESS

As at the close of business on 30 November 2023, being the latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness as summarised below:

### Bank Borrowings

As at the close of business on 30 November 2023 (being the latest practicable date for the purpose of this indebtedness statement), the Group had a total amount of bank borrowings of approximately HK\$212.9 million as follows:

	<i>HK\$'000</i>
Bank loans — secured with guarantee	201,940
Bank loans — unsecured with guarantee	<u>10,975</u>
<b>Total</b>	<b><u><u>212,915</u></u></b>

*Note:* As at 30 November 2023, the Group's bank loans of approximately HK\$201.9 million were secured by certain investment properties of the Group and guaranteed by a personal guarantee provided by Mr. Zhou. On the other hand, the Group's unsecured bank loans of approximately HK\$11.0 million were guaranteed by a personal guarantee provided by Mr. Zhou and a close family member of one of the Directors.

### **Lease liabilities**

As at the close of business on 30 November 2023 (being the latest practicable date for the purpose of this indebtedness statement), the Group, as a lessee, had lease liabilities for the remainder of the relevant lease terms amounting to approximately HK\$0.5 million in aggregate, all of which were unsecured and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payable in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2023 being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular.

## **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the business of residential and commercial real estate, healthcare-related, trading and equity investment. In addition, in order to increase the rate of return of the Group's cash and cash equivalents which can improve the investment income and the profits of the Group, the Group has also provided short-term interest-bearing loans to its customers.

Looking ahead to 2023, riding out of the pandemic, we are arriving at a new historical juncture. Amidst the rapidly changing global landscape, the Chinese economy is showing signs of recovery and improvement. The profound changes in the domestic and international environments bring a series of new opportunities and challenges.

For the Group, regarding assets, the Group had ample liquidity with its current assets of HK\$963.2 million and net current assets of HK\$720.0 million as at 30 June 2023. As for the business, the Group continues to explore the healthcare field. The innovative skin health management products and business models have initially demonstrated their potential. We believe that we will achieve steady growth in our performance through a deep strategic focus on aesthetic medical devices, reagents, and functional skincare. Benefiting from the economic recovery in China, the trading and leasing businesses show signs of improvement. Meanwhile, the scale of the overseas business grows steadily with constant expansion of pipelines and continuous improvement on brand building. These favorable factors have accumulated a strong momentum and laid the groundwork for the Group's long-term development, which gave the Group sufficient strength and confidence to cope with new challenges and to seize new opportunities. The Group is confident of and optimistic about its future business development.

## **5. 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 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 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 regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (a) Interests in issued Shares

Name of Director/ chief executive of the Company	Capacity	Number of Shares held <sup>(Note 1)</sup>	Approximate percentage of the total number of Shares in issue (%)
Mr. Zhou <sup>(Notes 2 and 3)</sup>	Interest in controlled corporation	2,133,230,291 (L)	52.11
		978,785,130 (S)	23.91
	Beneficial owner	136,556,470 (L)	3.34
Dr. Zeng Wentao <sup>(Note 3)</sup>	Beneficial owner	75,000,000 (L)	1.83
Ms. Zhou <sup>(Note 3)</sup>	Beneficial owner	31,938,000 (L)	0.78
Dr. Mao Zhenhua <sup>(Note 4)</sup>	Interest in controlled corporation	113,890,000 (L)	2.78

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares, whereas the letter “S” denotes the person’s short position in the Shares.
2. These Shares are held by U-Home Group International Limited, U-Home Group Investment Limited and Zhongjia U-Home Investment Limited.
3. Each of Mr. Zhou, Dr. Zeng Wentao and Ms. Zhou is an executive Director.
4. 113,890,000 Shares are beneficially owned by Honour Goal Investments Limited. Honour Goal Investments Limited is wholly owned by Zhongchengxin (HK) Investment Services Limited, a company incorporated in Hong Kong with limited liability. Zhongchengxin (HK) Investment Services Limited is wholly owned by Zhongchengxin Investment Group Company Limited\* (中誠信投資集團有限公司), a company established in the PRC with limited liability. Zhongchengxin Investment Group Company Limited is owned as to 80% by Hubei East Asia Enterprise Company Limited\* (湖北東亞實業有限公司), a company established in the PRC with limited liability. Hubei East Asia Enterprise Company Limited is owned as to 80% by Wuhan Huabing Real Estate Company Limited\* (武漢華兵置業有限公司), a company established in the PRC with limited liability. Wuhan Huabing Real Estate Company Limited is owned as to 99% by Dr. Mao Zhenhua, a Non-Executive Director. Under the SFO, Dr. Mao Zhenhua will be taken to be interested in the Shares held by Honour Goal Investments Limited.

\* For identification purposes only.

**(b) Interests in share options**

<b>Name of Director/ chief executive of the Company</b>	<b>Capacity</b>	<b>Number of share options held <sup>(Note 1)</sup></b>	<b>Approximate percentage of the total number of Shares in issue (%)</b>
Dr. Zeng Wentao <sup>(Note 2)</sup>	Beneficial owner	5,001,000 (L)	0.12
Ms. Zhou <sup>(Note 2)</sup>	Beneficial owner	9,000,000 (L)	0.22

*Notes:*

1. The letter “L” denotes the person’s long position in the underlying Shares.
2. Dr. Zeng Wentao and Ms. Zhou, who are executive Directors, have been granted share options under the share option scheme adopted by the Company on 20 June 2019 and became effective on 28 June 2019.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code in the Listing Rules to be notified to the Company and the Stock Exchange.

### 3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the Shares and underlying Shares (i) which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (ii) required to be recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO; or (iii) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

#### Interests in issued Shares

Name of Director/ chief executive of the Company	Capacity	Number of Shares held <sup>(Note 1)</sup>	Approximate percentage of the total number of Shares in issue (%)
U-Home Group International Limited <sup>(Note 2)</sup>	Beneficial owner	964,172,530 (L)	23.55
		479,132,130 (S)	11.70
U-Home Group Investment Limited <sup>(Note 3)</sup>	Beneficial owner	499,653,000 (L)	12.21
		499,653,000 (S)	12.21
Yuhua Enterprises Company Limited <sup>(Note 3)</sup>	Interest in controlled corporation	499,653,000 (L)	12.21
		499,653,000 (S)	12.21
Anhui Yuhua Enterprises Company Limited* (安徽宇華 實業有限公司) <sup>(Note 3)</sup>	Interest in controlled corporation	499,653,000 (L)	12.21
		499,653,000 (S)	12.21
Yee Sheng Enterprises Company Limited <sup>(Note 3)</sup>	Interest in controlled corporation	499,653,000 (L)	12.21
		499,653,000 (S)	12.21
Kambert Enterprises Limited <sup>(Note 3)</sup>	Interest in controlled corporation	499,653,000 (L)	12.21
		499,653,000 (S)	12.21



Name of Director/ chief executive of the Company	Capacity	Number of Shares held <sup>(Note 1)</sup>	Approximate percentage of the total number of Shares in issue (%)
U-Home Property (Group) Limited <sup>(Note 3)</sup>	Interest in controlled corporation	499,653,000 (L) 499,653,000 (S)	12.21 12.21
Zhongjia U-Home Investment Limited <sup>(Note 4)</sup>	Beneficial owner	669,404,761 (L)	16.35
Shunda Investment Limited <sup>(Notes 2, 3 and 4)</sup>	Interest in controlled corporation	2,133,230,291 (L) 978,785,130 (S)	52.11 23.91
Haitong UT Leasing HK Limited	Person having a security interest in share	978,785,130 (L)	23.91

*Notes:*

1. The letter “L” denotes the person’s long position in the Shares, whereas the letter “S” denotes the person’s short position in the Shares.
2. U-Home Group International Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou. Under the SFO, Shunda Investment Limited and Mr. Zhou will be taken to be interested in the shares held by U-Home Group International Limited. Mr. Zhou and Ms. Zhou are the directors of U-Home Group International Limited and Shunda Investment Limited.
3. U-Home Group Investment Limited is wholly and beneficially owned by Yuhua Enterprises Company Limited. Yuhua Enterprises Company Limited is wholly and beneficially owned by Anhui Yuhua Enterprises Company Limited. Anhui Yuhua Enterprises Company Limited is wholly and beneficially owned by Yee Sheng Enterprises Company Limited. Kambert Enterprises Limited and Mr. Zhou owned 100 ordinary shares and 1,000 non-voting deferred shares of Yee Sheng Enterprises Company Limited, respectively. Kambert Enterprises Limited is wholly and beneficially owned by U-Home Property (Group) Limited. U-Home Property (Group) Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou. Mr. Zhou is the director of Anhui Yuhua Enterprises Company Limited. Mr. Zhou and Ms. Zhou are the directors of U-Home Group Investment Limited, Yuhua Enterprises Company Limited, Yee Sheng Enterprises Company Limited, Kambert Enterprises Limited, U-Home Property (Group) Limited and Shunda Investment Limited.
4. Zhongjia U-Home Investment Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou. Under the SFO, Shunda Investment Limited and Mr. Zhou will be taken to be interested in the shares held by Zhongjia U-Home Investment Limited. Mr. Zhou and Ms. Zhou are the directors of Zhongjia U-Home Investment Limited and Shunda Investment Limited.

\* For identification purposes only.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no persons (other than Directors or the chief executive of the Company) had any interest or short position in the Shares and underlying shares of the Company (i) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) required to be recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO; or (iii) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

#### **5. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors has or had any interest, either directly or indirectly, in any assets which have since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

#### **6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant to the business of the Group.

#### **7. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

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

## 8. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular and which are or may be material.

## 9. LITIGATION

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

## 10. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Rainbow Capital (HK) Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Rainbow Capital (HK) Limited did not have any shareholding, directly or indirectly, 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, Rainbow Capital (HK) Limited did not have any direct or indirect interest in any assets which had been 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 since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its opinion or report and the references to its name and/or its opinion or report in the form and context in which they are included.

## 11. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 2906, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.

- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Mr. Li Shu Pai, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (e) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

## 12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.meilleure.com.cn](http://www.meilleure.com.cn)) for display for a period of not less than 14 days before the date of the SGM and on the date of the SGM:

- (1) the letter from the Board, the text of which is set out on pages 6 to 23 of this circular;
- (2) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 26 to 49 of this circular;
- (3) the written consent from Rainbow Capital (HK) Limited referred to in the section headed “EXPERT’S QUALIFICATION AND CONSENT” in this appendix;
- (4) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this circular;
- (5) the Facility Agreement; and
- (6) this circular.

## NOTICE OF SPECIAL GENERAL MEETING



美瑞健康国际产业集团  
Meilleure Health International Industry Group

### MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED

美瑞健康國際產業集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2327)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (“SGM”) of Meilleure Health International Industry Group Limited (the “**Company**”) will be held at units 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Wednesday, 31 January 2024 at 11:00 a.m. to consider and, if thought fit, approving the following resolution as an ordinary resolution of the Company. Terms defined in the circular of the Company dated 17 January 2024 bear the same meanings herein unless the context otherwise requires.

#### ORDINARY RESOLUTION

1. “**THAT**

- (a) the Facility Agreement entered into between the Company and U-light Energy, the terms and conditions thereof and the transactions contemplated thereunder (including the proposed Annual Cap Amount) be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the Directors be and is/are hereby authorized to sign, seal, execute, perfect, deliver all such documents and to do all such things and acts as he/she/they may in his/her/their discretion consider necessary, expedient or desirable to effect the transactions contemplated under the Facility Agreement, variation or modification of the terms and conditions of the Facility Agreement upon such terms and conditions as he/she/they may think fit.”

By Order of the Board  
**Meilleure Health International Industry Group Limited**  
**Zhou Wen Chuan**  
*Executive Director and Chief Executive Officer*

Hong Kong, 17 January 2024

## NOTICE OF SPECIAL GENERAL MEETING

*Notes:*

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws of the Company, vote in his/her/its stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be 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 Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude members from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. The register of members of the Company for the SGM will be closed from Friday, 26 January 2024 to Wednesday, 31 January 2024 (both days inclusive) for the purpose of determining entitlement of the shareholders of the Company to attend and vote at the aforesaid meeting, during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the aforesaid meeting, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 25 January 2024.
5. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. 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.
6. All the resolution(s) proposed to be approved at the SGM will be taken by poll except where the chairman of the SGM, 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. An announcement will be made by the Company on the poll results of the SGM as soon as possible after the meeting.

*As at the date of this notice, the Board comprises Mr. Zhou Xuzhou, Dr. Zeng Wentao and Ms. Zhou Wen Chuan as executive Directors, Dr. Mao Zhenhua as non-executive Director and Professor Chau Chi Wai, Wilton, Dr. Yang Yu and Mr. Wu Peng as independent non-executive Directors.*