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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Overseas Nuoxin International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國海外諾信國際控股有限公司

CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN
SKY OCEAN GROUP LIMITED;**
- (2) CONNECTED TRANSACTION IN RELATION TO THE LEASE; AND**
- (3) CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE PURCHASE**

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed “Definitions”.

A letter from the Board is set out on pages 6 to 24 of this circular.

This circular is despatched to the Shareholders for information purpose only, and a written Shareholder’s approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

21 September 2021

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DEFINITIONS

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

“Agreements”	collectively, the Sale and Purchase Agreement, the Lease Agreement and the Purchasing Agreement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Business Valuation Report”	the report on the market value of the Disposed Group as at 31 July 2021, prepared by the Valuer, the text of which is set out in Appendix III to this circular
“Company”	China Overseas Nuoxin International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00464)
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion, being the seventh (7th) Business Day after the date of fulfilment or waiver as the case may be of all the Disposal Condition(s), or such other time and/or date as may be agreed in writing by the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration payable by the Purchaser for the Disposal Share pursuant to the Sale and Purchase Agreement, being HK\$72.4 million
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Disposal Share by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

DEFINITIONS

“Disposal Condition(s)”	the condition(s) precedent to the Completion, further details of which are set out in the paragraph headed “Disposal Conditions” under the section headed “THE SALE AND PURCHASE AGREEMENT”
“Disposal Share”	the entire issued share capital of US\$1 and total issued share of 1 ordinary share of the Disposed Company
“Disposed Company”	Sky Ocean Group Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by the Company
“Disposed Group”	Disposed Company and its subsidiaries, which includes Talent Star (China) Limited, Kario Company Limited, Fame Motor Limited and Dongguan Kario
“Dongguan Kario”	Dongguan Kario Electrical Appliance Co., Ltd.* (東莞家利來電器有限公司), an indirectly wholly-owned subsidiary of the Disposed Company and incorporated in the PRC with limited liability
“Dongguan Kenford”	Dongguan Kenford Electrical Appliance Co., Ltd.* (東莞建福電器有限公司), an indirectly wholly-owned subsidiary of the Company and incorporated in the PRC with limited liability
“Encumbrance(s)”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-lease arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Fair Rent Opinion”	the fair rent opinion letter dated 21 September 2021 prepared by the Valuer
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

* For identification purposes only

DEFINITIONS

“Latest Practicable Date”	14 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lease”	the lease of the Leased Properties by Dongguan Kenford from Dongguan Kario pursuant to the Lease Agreement
“Lease Agreement”	the lease agreement entered into between Dongguan Kario and Dongguan Kenford on 25 August 2021 (after trading hours of the Stock Exchange) as may be amended or varied from time to time by an agreement in writing duly executed by the parties thereto
“Leased Properties”	the properties located at No. 7, Gongye 1st Road, Xiakeng Village Industrial Zone, Changping Town, Dongguan City, Guangdong Province, PRC* (中國廣東省東莞市常平鎮霞坑村工業區工業一路7號) with a total gross floor area of 21,051 sq.m., which are owned by Dongguan Kario
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the sum of HK\$40.0 million owed by the Vendor to the Purchaser and repayable on or before 28 February 2022 pursuant to the Loan Agreements
“Loan Agreements”	the loan agreement dated 1 March 2019 entered into between, among others, the Purchaser and the Vendor in relation to the loan provided by, among others, the Purchaser to the Vendor in the sum of HK\$40.0 million, for a period from 1 March 2019 to 29 February 2020, and which was subsequently amended and supplemented by the extension agreements dated 24 February 2020 and 24 February 2021 and the assignment entered into between the Purchaser and another lender on 12 January 2021
“Long Stop Date”	31 December 2021 or such later date as may be agreed in writing by the parties to the Sale and Purchase Agreement
“OEM”	original equipment manufacturing
“PRC”	the People’s Republic of China which, for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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DEFINITIONS

“Properties”	an industrial development comprises two parcels of land located at Xiakeng Village, Changpang Town, Dongguan City, Guangdong Province, the PRC, with a total site area of approximately 26,781.11 sq.m.
“Property Valuation Report”	the valuation report on the market value of the Properties as at 31 July 2021 prepared by the Valuer, the text of which is set out in Appendix II to this circular
“Proposed Annual Caps”	the proposed annual aggregate maximum amounts payable by Dongguan Kenford to Dongguan Kario pursuant to the Purchasing Agreement as set out in the paragraph headed “Proposed Annual Caps” under the section headed “THE PURCHASING AGREEMENT”
“Purchase”	the purchase of the electrical haircare products by Kenford Industrial from Dongguan Kario pursuant to the Purchasing Agreement
“Purchaser”	Mr. Lam Wai Ming, a director of certain subsidiaries of the Company, accordingly a connected person of the Company at the subsidiary level
“Purchaser Warranties”	the representations and warranties given by the Purchaser under the Sale and Purchase Agreement
“Purchasing Agreement”	the purchasing agreement entered into between Dongguan Kario and Kenford Industrial on 25 August 2021 (after trading hours of the Stock Exchange) as may be amended or varied from time to time by an agreement in writing duly executed by the parties to the Purchasing Agreement
“Remaining Group”	the Group excluding the Disposed Group
“Sale and Purchase Agreement”	the sale and purchase agreement in respect of the Disposal entered into between the Vendor and the Purchaser on 25 August 2021 (after trading hours of the Stock Exchange) as may be amended or varied from time to time by an agreement in writing duly executed by the parties to the Sale and Purchase Agreement
“Share(s)”	the share(s) having a par value of HK\$0.001 each in the share capital of the Company as at the Latest Practicable Date
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Tax(es)”	any tax (including but not limited to income tax, capital gains tax, value-added tax, electrical haircare products and services tax, sales tax, turnover tax, property tax, gift tax, payroll tax, social security or estate tax), levy, assessment, tariff, duty (including any customs duty and stamp duty), charge, withholding, deficiency, or other fee, charge, impost or amount in the nature of a tax (including any related fine, penalty, interest, expense, surcharge or addition tax), imposed, assessed, or collected by or under the authority of any tax authority or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, charge, withholding, deficiency, or fee
“Valuer”	Ravia Global Appraisal Advisory Limited, an independent valuer
“Vendor” or “Kenford Industrial”	Kenford Industrial Company Limited (建福實業有限公司), an indirectly wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability
“Vendor Warranties”	the representations and warranties given by the Vendor under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“sq.m.”	square metre(s)
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



中國海外諾信國際控股有限公司
CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 00464)

Executive Directors:

Mr. GAO Jianbo (*Chairman*)
Ms. CAI Dongyan (*Chief executive officer*)
Mr. ZHANG Huijun
Ms. Pauline LAM
Mr. LIN Liangyong

Registered office:

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Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Independent Non-executive Directors:

Mr. LAM Yick Man
Mr. HU Zhigang
Mr. ZHANG Jiayou

Principal place of business in Hong Kong:

Unit B, 12/F
Hang Seng Causeway Bay Building
28 Yee Wo Street
Causeway Bay, Hong Kong

21 September 2021

To the Shareholders

Dear Sir or Madam,

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN
SKY OCEAN GROUP LIMITED;**
(2) CONNECTED TRANSACTION IN RELATION TO THE LEASE; AND
**(3) CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE PURCHASE**

Reference is made to the announcement of the Company dated 25 August 2021 in relation to, among others, the Disposal.

On 25 August 2021 (after trading hours of the Stock Exchange), the Purchaser (a connected person of the Company at the subsidiary level) and the Vendor (an indirectly wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Disposal Share, for a consideration of HK\$72.4 million.

The purpose of this circular is to provide you with, among other matters, details of the Agreements and other general information of the Company.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 25 August 2021 (after trading hours of the Stock Exchange)

Parties:

Vendor: Kenford Industrial (an indirectly wholly-owned subsidiary of the Company)

Purchaser: Mr. Lam Wai Ming (a connected person of the Company at the subsidiary level)

Subject of the Sale and Purchase Agreement

The Disposal Share represents the entire issued share capital of the Disposed Company which forms the subject matter of the Disposal.

The Vendor shall sell as legal and beneficial owner and the Purchaser shall purchase the Disposal Share with effect from Completion free from all Encumbrances and together with all rights and title to and interests in the Disposal Share (including the right to receive all dividends and distributions declared, made or paid on or after the Completion Date).

Consideration

The Consideration for the sale and purchase of the Disposal Share, being HK\$72.4 million, shall be settled by the Purchaser in the following manner:

- (a) HK\$40.0 million to be set off against the Loan; and
- (b) the remaining of HK\$32.4 million to be paid in cash by way of wire transfer of immediate available fund to a bank account designated by the Vendor or by way of cashier order upon Completion.

The terms of the Sale and Purchase Agreement have been negotiated at arm's length by the parties thereto and the Consideration was determined with reference to, among other things, the net asset value, the business valuation of the Disposed Group and the property valuation of the Properties.

The net asset value of the Disposed Group as at 31 July 2021 was approximately HK\$61.8 million, based on the unaudited financial information of the Disposed Group, whilst the valuation of the Disposed Group as at 31 July 2021 provided in the Business Valuation Report amounted to HK\$72.4 million. The Consideration represents a premium of approximately 17.2% to the said net asset value and is equal to the said business valuation.

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In conducting the valuation exercise of the Disposed Group, the Valuer considered all commonly adopted valuation approaches in the market (namely, the asset approach, the market approach and the income approach). According to the Valuer, the asset approach under the cost approach was considered to be the most appropriate valuation approach. It is based on the economic principle of substitution and essentially measures what is the net asset value as at the date of valuation and the cost to replace those assets. According to the Valuer, income approach was not adopted as it relies on a long-term financial forecast and requires subjective assumptions that are difficult to be justified; and market approach was not adopted because there is a lack of a sufficient number of comparable companies in the market. In addition, as part of the valuation conducted by the Valuer, the value of the Properties as at 31 July 2021 as appraised by the Valuer was approximately RMB91.4 million, which was arrived at by adopting the depreciated replacement cost approach, which is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. According to the Valuer, market approach was not adopted as there are no readily identifiable market comparables; and income approach was not adopted because the property was occupied by the Group as at the date of valuation and there was no tenancy. For details, please refer the Property Valuation Report and Business Valuation Report set out in Appendix II and Appendix III to this circular, respectively.

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

The Directors have reviewed and enquired the Valuer's qualifications and experience in relation to the performance of the business valuation and property valuation. The Directors believe upon making reasonable enquiries that the Valuer is a professional valuation company experienced in performing valuation. Based on the information provided by the Valuer (i.e. company brochure and previous experience) and after making reasonable enquires, the Directors are of the view that the Valuer possesses the necessary competence and independence in preparing the Property Valuation Report and the Business Valuation Report.

Disposal Conditions

The Completion is subject to the following Disposal Conditions being fulfilled (or being waived if applicable):

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor, its holding company and the Company as required under the Listing Rules, including but not limited to the Shareholders' approval of the Company having been obtained and the approval of the Stock Exchange (if applicable);
- (b) the Disposed Group having settled all the amounts due to Kenford Industrial, if any;
- (c) the parties thereto having entered into the Lease Agreement and the Purchasing Agreement; and

LETTER FROM THE BOARD

- (d) the Vendor Warranties and the Purchaser Warranties remaining true and correct in all material respect.

The Vendor may waive the Disposal Conditions (c) and (d) (in respect of the Purchaser Warranties only), at any time by notice in writing to the Purchaser; the Purchaser may waive the Disposal Condition (d) (in respect of the Vendor Warranties only), at any time by notice in writing to the Vendor; and the Disposal Conditions (a) and (b) could not be waived.

The parties thereto shall use their respective reasonable endeavours to procure the fulfilment of the Disposal Conditions on or before the Long Stop Date.

In the event that any of the Disposal Conditions have not been fulfilled (or being waived if applicable) prior to the Long Stop Date, neither party thereto shall be bound to proceed with the Disposal and the outstanding obligations under the Sale and Purchase Agreement shall cease to be of any effect except those in relation to, amongst other things, the confidentiality of the Sale and Purchase Agreement, which shall remain in force and save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable date, save as Disposal Conditions (a) and (c), none of the Disposal Conditions have been fulfilled.

Other terms

The Purchaser shall be responsible for paying the followings and indemnify and hold harmless the Vendor, its holding company and the Company and each of their respective officers, Directors, employees, Shareholders, agents and other representatives from the following:

- (a) any liability for Taxes arising (directly or indirectly) as a result of the Disposal or the other transactions contemplated hereby (including, without limitation, all transfer, documentary, sales, use, stamp, recording, property, registration and similar Taxes, and all conveyance fees, recording charges and other charges and fees (including any penalties and interest) incurred in connection with consummation of the other transactions contemplated hereby); and
- (b) all liability for reasonable costs and expenses (including reasonable lawyers' fees and disbursements) incurred by the Vendor, its holding company and the Company in connection with any action, suit, dispute, proceeding, demand, assessment or judgment incident to any of the matters indemnified against as stated above.

LETTER FROM THE BOARD

Financial effect of the Disposal

Upon the Completion, the Company will cease to hold any interest in the Disposed Company and the Disposed Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Disposed Group will cease to be consolidated to the financial statements of the Company.

The total asset value and net asset value of the Disposed Group as at 31 March 2021 were approximately HK\$147.4 million and HK\$69.6 million, respectively.

A summary of the financial information of the Disposed Group for the two years ended 31 March 2021 is set out below:

	For the year ended 31 March 2021	For the year ended 31 March 2020
	<i>Approximately HK\$'000</i>	<i>Approximately HK\$'000</i>
Loss before tax	15,610	14,979
Loss after tax	15,594	14,971

Based on the unaudited financial information of the Disposed Group as at 31 July 2021 and the Consideration of HK\$72.4 million, the Company is expected to recognise a gain (before transaction costs) of approximately HK\$10.6 million from the Disposal following the Completion. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Disposed Company on the date of the Completion and be subject to audit. The expected gain of approximately HK\$10.6 million was arrived based on the difference of the Consideration of HK\$72.4 million against the net asset value of the Disposed Group amounting to approximately HK\$61.8 million as at 31 July 2021. The proceeds arising from the Disposal will be used by the Group to set off against the Loan, to repay outstanding bank borrowings, and for general working capital purposes.

LETTER FROM THE BOARD

THE LEASE AGREEMENT

On 25 August 2021 (after trading hours of the Stock Exchange), Dongguan Kenford (an indirectly wholly-owned subsidiary of the Company) and Dongguan Kario (an indirectly wholly-owned subsidiary of the Disposed Company and a connected person of the Company at the subsidiary level after Completion) entered into the Lease Agreement.

The principal terms of the Lease Agreement are set out below:

Date:	25 August 2021 (after trading hours of the Stock Exchange)
Parties:	
Lessor:	Dongguan Kario
Lessee:	Dongguan Kenford
Terms:	
Subject matter:	Dongguan Kario as the lessor will lease the Leased Properties to Dongguan Kenford as the lessee during the term of the Lease Agreement.
Location, area and usage:	The Leased Properties are located at No. 7, Gongye 1st Road, Xiakeng Village Industrial Zone, Changping Town, Dongguan City, Guangdong Province, PRC* (中國廣東省東莞市常平鎮霞坑村工業區工業一路7號) with a total gross floor area of 21,051 sq.m.. The Leased Properties shall be used for industrial purpose and as dormitory.
Term of the Lease:	The Lease Agreement shall take effect from 1 September 2021 (or any other date agreed by the parties if the Completion falls on a date after 1 September 2021) to 31 March 2024.
Rent:	RMB250,000 per month
Security deposit:	RMB500,000, being two months' rent, which is refundable after completion of the term of the Lease.
Conditions precedent:	The Lease Agreement is subject to the following conditions precedent: (i) Completion of the Disposal pursuant to the Sale and Purchase Agreement;

* For identification purposes only

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- (ii) Dongguan Kenford has obtained all necessary internal authorisation and approvals, including the Company obtaining shareholders' approval (if necessary) in relation to the Lease Agreement and the transactions contemplated thereunder; and
- (iii) the Stock Exchange having granted all necessary waiver or no objection (if necessary) in relation to the Lease Agreement and the transactions contemplated thereunder.

The terms of the Lease Agreement have been negotiated at arm's length by the parties thereto and the monthly rent of RMB250,000 was determined with reference to the prevailing market rent for similar properties of relevant development in the vicinity of the Leased Properties as provided in the Fair Rent Opinion.

THE PURCHASING AGREEMENT

On 25 August 2021, Kenford Industrial (an indirectly wholly-owned subsidiary of the Company) and Dongguan Kario (an indirectly wholly-owned subsidiary of the Disposed Company and a connected person of the Company at the subsidiary level after Completion) entered into the Purchasing Agreement.

The principal terms of the Purchasing Agreement are set out below:

Date: 25 August 2021 (after trading hours of the Stock Exchange)

Parties:

Supplier: Dongguan Kario

Purchaser: Kenford Industrial

Terms:

Subject matter: Dongguan Kario, as the supplier, agreed to supply, and Kenford Industrial, as the purchaser, agreed to purchase the electrical haircare products on market price and normal commercial terms on OEM basis during the term of the Purchasing Agreement.

Term: The Purchasing Agreement shall take effect from 1 September 2021 (or any other date agreed by the parties if the Completion falls on a date after 1 September 2021) to 31 March 2024.

Pricing basis: The price of the electrical haircare products shall be determined after arm's length negotiation between Dongguan Kario and Kenford Industrial in accordance with normal commercial terms or no less favourable than the OEM ex-factory market price of similar products supplied by independent third parties to Kenford Industrial.

LETTER FROM THE BOARD

- Purchase order: Dongguan Kario shall supply and Kenford Industrial shall purchase the electrical haircare products at the price and specifications agreed in the purchase order to be placed by Kenford Industrial pursuant to the Purchasing Agreement. The parties shall renegotiate in case there is any adjustment to the purchase price caused by factors including change in raw materials or production requirements and specifications, otherwise, the defaulting party shall bear the economic responsibilities of the losses caused.
- Payment terms: The amount payable shall be calculated in accordance with the actual amount purchased and shall be settled by Kenford Industrial within 90 days after receipt of the electrical haircare products. Such amount shall be settled by way of wire transfer settled through bank.
- Conditions precedent: The Purchasing Agreement is subject to the following conditions precedent:
- (i) Completion of the Disposal pursuant to the Sale and Purchase Agreement;
 - (ii) Kenford Industrial has obtained all necessary internal authorisation and approvals, including the Company obtaining shareholders' approval (if necessary) in relation to the Purchasing Agreement and the transactions contemplated thereunder; and
 - (iii) the Stock Exchange having granted all necessary waiver or no objection (if necessary) in relation to the Purchasing Agreement and the transactions contemplated thereunder.

Information on the electrical haircare products to be purchased under the Purchasing Agreement

The electrical haircare products to be purchased by Kenford Industrial from Dongguan Kario under the Purchasing Agreement includes hair dryer and hair straightener. The Remaining Group purchase these products mainly for the purpose of selling to its customers on OEM basis.

Pricing policies

The price of the electrical haircare products shall be determined after arm's length negotiation between Dongguan Kario and Kenford Industrial in accordance with normal commercial terms or no less favourable than the OEM ex-factory market price of similar products supplied by independent third parties to Kenford Industrial.

LETTER FROM THE BOARD

When determining and approving the price and terms of the Purchase, the Company will consider factors, among others, product types, design of products required, quality and quantity of products, bill of materials, costs of raw materials, labour costs, production costs, delivery time, transportation costs, any other factors that may affect the products' prices, and the historical purchase price paid by the Company for products of similar types, quality, and quantity.

Kenford Industrial will compare the OEM ex-factory price of similar electrical haircare products by obtaining quotations from independent third parties, for the purpose of ensuring that the prices and terms for the electrical haircare products supplied by Dongguan Kario to Kenford Industrial will be based on prevailing market terms and no less favourable than the OEM ex-factory market price of similar products supplied by independent third parties.

The designated personnel of Kenford Industrial authorised to approve such transactions will review and compare the price and terms offered by Dongguan Kario to Kenford Industrial with at least two quotations obtained from other independent third-party suppliers for comparable products of similar qualities, quantities and specifications before entering into purchasing orders pursuant to the Purchasing Agreement.

In the event that the prices or terms offered by Dongguan Kario to Kenford Industrial are less favourable than price quotations obtained from other independent third-party suppliers for comparable products of similar qualities, quantities and specifications, Kenford Industrial will not enter into such transactions. Kenford Industrial will at its best effort negotiate with Dongguan Kario for more favourable terms in order to comply with the pricing principles disclosed above.

The Proposed Annual Caps and basis of determination

Historical amounts

The aggregate historical transaction amounts of the purchases of electrical haircare products by Kenford Industrial from Dongguan Kario for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, respectively, are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2021
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate historical transaction amounts of the purchases of electrical haircare products by Kenford Industrial from Dongguan Kario	1,687	26,985	54,399

LETTER FROM THE BOARD

The Proposed Annual Caps

The Proposed Annual Caps for the maximum transaction amounts to be paid by Kenford Industrial to Dongguan Kario in respect of the purchase of the electrical haircare products by Kenford Industrial from Dongguan Kario under the Purchasing Agreement for the period ending 31 March 2022 and the two financial years ending 31 March 2023 and 31 March 2024 are set out as follows:

	From the commencement date of the Purchasing Agreement to 31 March 2022	For the year ending 31 March 2023	For the year ending 31 March 2024
	<i>Approximately HK\$'000</i>	<i>Approximately HK\$'000</i>	<i>Approximately HK\$'000</i>
Proposed Annual Caps	30,500	70,250	63,250

The Proposed Annual Caps have been determined with reference to, amongst other things:

- (i) the historical transaction amounts in relation to the purchase of electrical haircare products from Dongguan Kario for the three years ended 31 March 2021;
- (ii) the actual transaction amount in relation to the purchase of electrical haircare products from Dongguan Kario for the four months ended 31 July 2021, being approximately HK\$35.5 million;
- (iii) Kenford Industrial's estimated demand for electrical haircare products for the period/years ending 31 March 2022, 2023 and 2024, with reference to Kenford Industrial's expected production capacities, existing and expected orders of products from Kenford Industrial's customers and expected market demands for Kenford Industrial's products;
- (iv) Dongguan Kario's expected production capacities of electrical haircare products for the period/years ending 31 March 2022, 2023 and 2024;
- (v) the expected unit price with reference to the prevailing market prices of the comparable commercial electrical haircare products; and
- (vi) estimated buffer for fluctuation of market prices and change in specifications.

LETTER FROM THE BOARD

Internal control measures for the continuing connected transactions

In order to ensure that the pricing policies as contained in the Purchasing Agreement and the Proposed Annual Caps are complied with, the Company has adopted the following internal control measures:

- (i) Kenford Industrial will keep track of the OEM ex-factory price of similar electrical haircare products by regularly obtaining quotations from independent third parties, for the purpose of ensuring that the prices and terms for the electrical haircare products supplied by Dongguan Kario to Kenford Industrial will be based on prevailing market terms and no less favourable than the OEM ex-factory market price of similar products supplied by independent third parties; and
- (ii) Kenford Industrial will maintain price lists containing purchase prices of electrical haircare products and relevant terms and conditions of such transactions. The information in the price lists is obtained in the course of Kenford Industrial's operations, including information in respect of transactions entered into with Dongguan Kario. Kenford Industrial will also keep developing and maintaining the price lists so as to include up-to-date pricing information in relation to similar products purchased by Kenford Industrial (if any) in the future. Designated personnel of Kenford Industrial will be responsible for the maintenance of the price lists, and the price lists are generally updated as soon as practicable after the materialisation of a purchase transaction. A management personnel of Kenford Industrial will be designated to monitor and supervise the maintenance of the price lists to ensure that up-to-date records are properly kept. The Company will also conduct random checks on the price lists so as to ensure that effective and sound internal control measures are in place so that continuing connected transactions in respect of the Purchase are conducted on a fair and reasonable basis.

The relevant personnel of Kenford Industrial will regularly monitor and review the prices of and terms under which the electrical haircare products purchased from Dongguan Kario in order to ensure that the continuing connected transactions are conducted on normal commercial terms, in accordance with the Proposed Annual Caps set by Kenford Industrial, and the terms are no less favourable to Kenford Industrial than those available to independent third parties. The Company will designate specific personnel from the internal control department to monitor the continuing connected transactions under the Purchasing Agreement and any irregularities in respect of the continuing connected transactions will be reported to the senior management of the Group in a timely manner. The Group will also conduct regular internal checks on a quarterly basis to ensure that the internal control measures in respect of the continuing connected transactions under the Purchasing Agreement remain intact and effective.

The Company's external auditors will review the continuing connected transactions under the Purchasing Agreement annually to check and confirm (among others) whether the pricing policies have been adhered to, whether the continuing connected transactions were conducted in accordance with the Purchasing Agreement and whether the relevant Proposed Annual Caps have been exceeded.

LETTER FROM THE BOARD

The independent non-executive Directors will review the continuing connected transactions under the Purchasing Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Company, on normal commercial terms, in accordance with the Purchasing Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in the Purchasing Agreement.

REASONS FOR AND BENEFITS FOR THE DISPOSAL, THE LEASE AND THE PURCHASE

For the years ended 31 March 2020 and 2021, the Group recorded net losses of approximately HK\$40.1 million and HK\$24.4 million, respectively, such losses were partly attributable to the financial results of the Disposed Group, which recorded a net loss of approximately HK\$15.0 million and HK\$15.6 million, during the respective years. Our Directors believe that such losses were attributable to, among others, declining sales, impairment losses and depreciation charges of the Disposed Group. Based on the financial information of the Disposed Group, the Disposed Group's sales (excluding intra-group transactions) dropped from approximately HK\$39.8 million for the financial year ended 31 March 2020 to approximately HK\$18.1 million for the financial year ended 31 March 2021; and the Disposed Group recognised impairment losses of approximately HK\$4.2 million and HK\$1.4 million for the years ended 31 March 2020 and 2021, respectively and depreciation charges of approximately HK\$3.0 million and HK\$3.3 million on property, plant and equipment for the years ended 31 March 2020 and 2021, respectively. The Disposal represents a continuity of the Group's cost-cutting strategy to strip its loss-making business, focus on its current business and hence enhance its overall performance and prospect. The Directors are therefore of the view that the Disposal will help to improve the financial performance of the Group in long term. In addition, as the major asset of the Disposed Group are the properties located in the PRC, the Directors considered that the Disposal enables the Company to realise the value in the properties at a fair market value.

Pursuant to the Loan Agreements, the Group is obliged to repay the Loan, which is in the sum of HK\$40 million owed by the Vendor to the Purchaser and repayable on or before 28 February 2022. In addition, as at 31 July 2021, the Group had outstanding bank borrowings in the sum of approximately HK\$19.2 million, which is repayable within one year. The Consideration is partially settled by setting off against the Loan and the remaining portion of the Consideration of HK\$32.4 million, which is settled by way of cash, shall be partially used to repay the aforementioned bank borrowings. The Board considers that it is in the interest of the Company to set-off against the Loan and repay the bank borrowings by the proceeds of the Disposal than obtaining external debt financing, which will not only incur additional interest costs but also increase the Company's gearing ratio.

Furthermore, part of the net proceeds arising from the Disposal will be used by the Remaining Group as general working capital. The Directors are of the view that the Disposal will help to improve the cash position of the Remaining Group and to ensure the Remaining Group to have sufficient working capital for its operation in the future.

LETTER FROM THE BOARD

Subject to the Completion of the Disposal, Dongguan Kario agreed to lease the Leased Properties to the Remaining Group for its production of electrical haircare products. The Lease arrangement will save the Remaining Group from the hassle, time and expenditure of relocation and setting up new production facilities and ensure that there is no disruption to the current production of the products of the Remaining Group as it has leased part of the plant areas of the Leased Properties from the Disposed Group since 2013. The Directors are of the view that it is in the interest of the Remaining Group to maintain its production capacities as it would provide flexibility for the Remaining Group to manufacture in-house or purchase from external suppliers depending on the needs of the Remaining Group and market conditions.

Kenford Industrial is the trading arm of the Group and it sourced electrical haircare products from various PRC suppliers, including the Disposed Group, for the supplies to its customers. During the three years ended 31 March 2021, the aggregate transaction amounts of the purchase of electrical haircare products by Kenford Industrial from the Disposed Group were approximately HK\$1.7 million, HK\$27.0 million, and HK\$54.4 million, respectively. In light of the past relationship between Kenford Industrial and the Disposed Group, the Directors are of the view that the Purchasing Agreement will ensure that Kenford Industrial to have continuous and stable supply of the electrical haircare products from a reliable partner if and when needed without committing to any minimum purchasing requirement.

Having considered the reasons for and the benefits of the Disposal, the Lease and the Purchase set out above, the Directors (including independent non-executive Directors) are of the view that (i) the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Lease Agreement and the Purchasing Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder have been entered into on normal commercial terms and in the ordinary course of the business of the Group, and are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had a material interest in the Sale and Purchase Agreement, the Lease Agreement and the Purchasing Agreement and the transactions contemplated thereunder and hence no Directors are required to abstain from voting on the Board resolutions approving the Disposal, the Lease and the Purchase.

INFORMATION OF THE PARTIES

The Company

The Company is a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00464). The principal activity of the Company is investment holding.

LETTER FROM THE BOARD

The Group and the Remaining Group

The Group is principally engaged in the design, manufacture and sale of electrical haircare appliances. Whilst the headquarters of the Group is in Hong Kong, it operates a manufacturing base in Dongguan, the PRC. After the Disposal, the Remaining Group will continue to mainly focus on supplying products to overseas customers either through self-production or purchase from suppliers, including the Disposed Group.

The Vendor

The Vendor is an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and principally engaged in the design, manufacture and sale of electrical haircare appliances.

The Purchaser

The Purchaser is a director of certain subsidiaries of the Company, accordingly, the Purchaser is a connected person of the Company at the subsidiary level.

The Disposed Group

The Disposed Group includes the Disposed Company, Talent Star (China) Limited, Kario Company Limited, Fame Motor Limited and Dongguan Kario. The Disposed Group is mainly engaged in the design, manufacture and sale of electrical haircare products to customers in the PRC and manufacturers, including the Remaining Group.

The Disposed Company is a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company. The Disposed Company will be wholly-owned by the Purchaser, a connected person of the Company at the subsidiary level after the Completion. The Disposed Company is an investment holding company.

Talent Star (China) Limited is a directly wholly-owned subsidiary of the Disposed Company and incorporated in Hong Kong with limited liability. It is principally engaged in managerial services.

Kario Company Limited is a directly wholly-owned subsidiary of the Disposed Company and incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and trading.

Fame Motor Limited is a directly wholly-owned subsidiary of the Disposed Company and incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and trading.

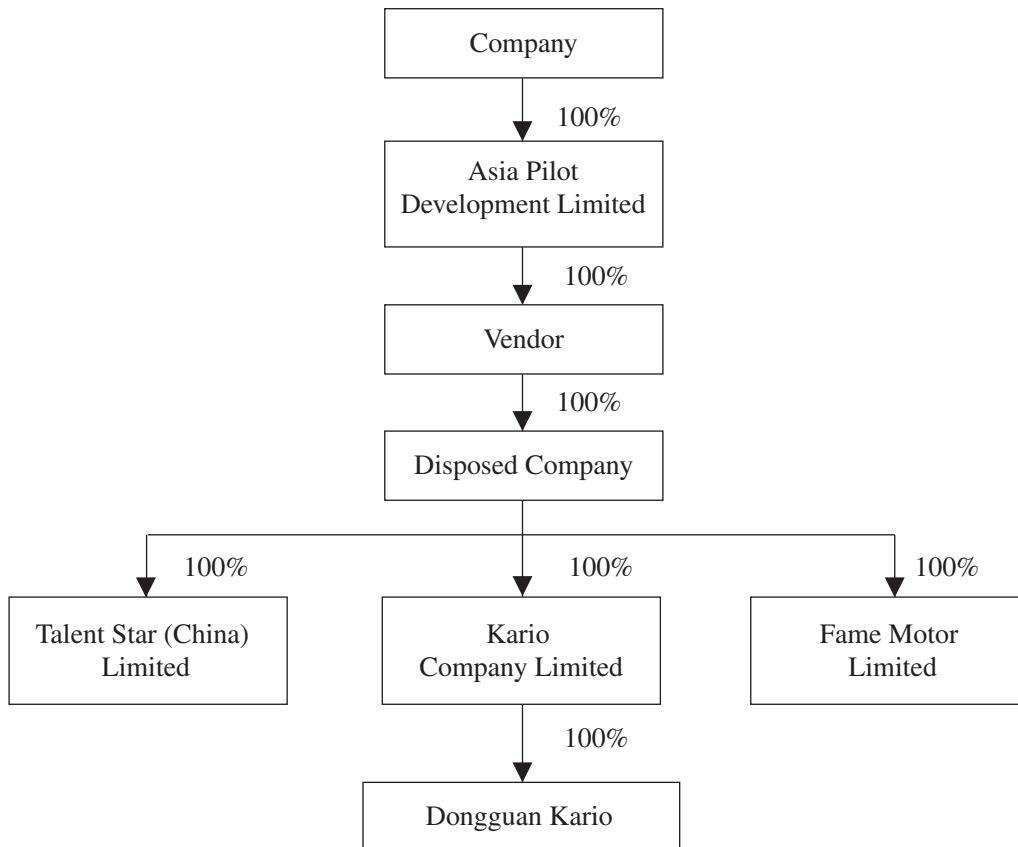
Dongguan Kario is an indirectly wholly-owned subsidiary of the Disposed Company, accordingly a member of the Disposed Group and a connected person of the Company at the subsidiary level after Completion. Dongguan Kario is incorporated in the PRC with limited

LETTER FROM THE BOARD

liability. It is principally engaged in the design, manufacture and sale of electrical haircare products. Dongguan Kario holds and will continue to hold the Leased Properties after the Completion.

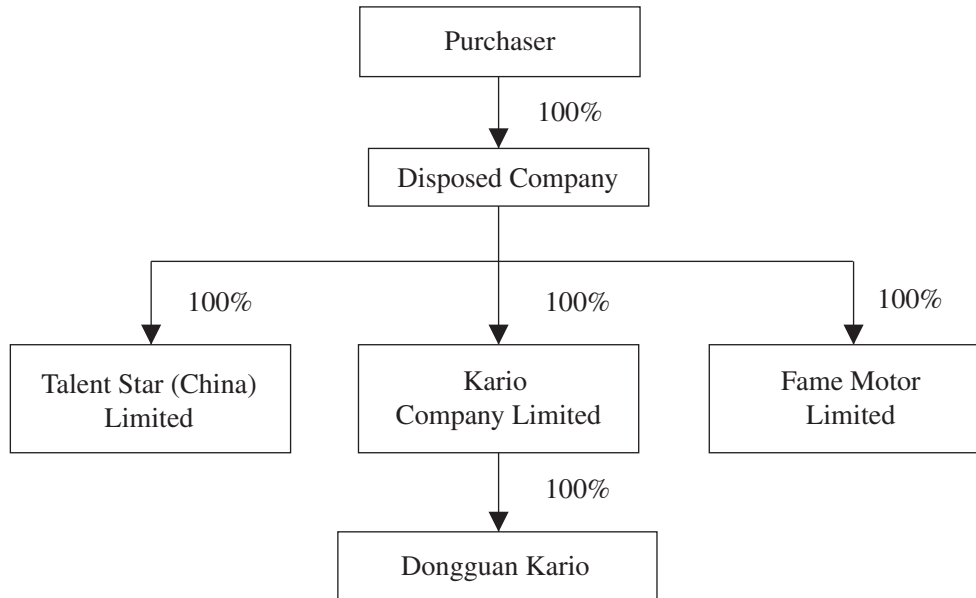
The below tables set forth the shareholding structure of the Disposed Group before and after the Completion:

(1) Shareholding structure of the Disposed Group before Completion



LETTER FROM THE BOARD

(2) Shareholding structure of the Disposed Group after Completion



Dongguan Kenford

Dongguan Kenford is an indirectly wholly-owned subsidiary of the Company incorporated in the PRC with limited liability. Dongguan Kenford is principally engaged in the provision of processing services.

LISTING RULES IMPLICATIONS

Major and connected transaction in respect of the Disposal

The transaction contemplated under the Sale and Purchase Agreement constitutes a major transaction of the Company as one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 25% but are less than 75%. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

The Purchaser is a director of certain subsidiaries of the Company. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level and the transaction contemplated under the Sale and Purchase Agreement will constitute a connected transaction of the Company. As (i) the Purchaser is a connected person at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

None of the Directors has material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Connected transaction in respect of the Lease

Dongguan Kario is an indirectly wholly-owned subsidiary of the Disposed Company. Since the Disposed Company will be wholly-owned by the Purchaser after Completion and that the Purchaser is a connected person of the Company at the subsidiary level, Dongguan Kario will be an associate of the Purchaser. Pursuant to HKFRS 16, the Leased Properties will be treated as right-of-use assets with the aggregate consideration of approximately HK\$8.8 million and the transaction contemplated under the Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. As the Lease Agreement will constitute a connected transaction of the Company at the subsidiary level and the Board has approved the Lease Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Lease Agreement are fair and reasonable and the Lease is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Lease Agreement is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Lease and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Lease Agreement and the transactions contemplated thereunder.

Continuing connected transactions in respect of the Purchase

Dongguan Kario is an indirectly wholly-owned subsidiary of the Disposed Company. Since the Disposed Company will be wholly-owned by the Purchaser after Completion and that the Purchaser is a connected person of the Company at the subsidiary level, Dongguan Kario will be an associate of the Purchaser and the transactions contemplated under the Purchasing Agreement will constitute continuing connected transactions of the Company. As the Purchasing Agreement will constitute a connected transaction of the Company at the subsidiary level and the Board has approved the Purchasing Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchasing Agreement are fair and reasonable and the Purchasing Agreement is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Purchasing Agreement is only subject to the reporting, annual review and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Purchase and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Purchasing Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder on the conditions that (i) no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) approval has been given by a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the Shares in issue giving the right to vote at general meetings to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders is materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, China Yuen Capital Limited, who directly held 253,132,500 Shares (representing approximately 56.80% of the total issued Shares), has given its written approval to the Sale and Purchase Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting. Therefore, no extraordinary general meeting of the Company will be convened for the purpose of approving the entering into of the Sale and Purchase Agreement and the Disposal pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

Having taken into account the reasons for and the benefits of the Disposal, the Lease and the Purchase as set out in this Letter from the Board above, the Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at such general meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Warning: Shareholders and/or potential investors of the Company should note that Completion is subject to the fulfilment of the Disposal Conditions and therefore may or may not occur. As the Disposal may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and any other securities of the Company.

Yours faithfully
For and on behalf of
CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED
Zhang Huijun
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 March 2019, 2020 and 2021 is disclosed in the following documents which are published on both the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

- Annual report of the Company for the year ended 31 March 2019 (pages 44–98)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0718/ltn20190718183.pdf>
- Annual report of the Company for the year ended 31 March 2020 (pages 43–98)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072700742.pdf>
- Annual report of the Company for the year ended 31 March 2021 (pages 57–104)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0719/2021071900185.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness were as follows:

(a) Borrowings

As at 31 July 2021, the Group had outstanding borrowings of approximately HK\$80.4 million, comprising unsecured bank borrowings of approximately HK\$19.2 million, unsecured borrowings from immediate holding company of approximately HK\$21.2 million and unsecured borrowings from the key management personnel of the Group of approximately HK\$40.0 million. The borrowings of approximately HK\$19.2 million are guaranteed.

(b) Lease liabilities

As at 31 July 2021, the Group recorded lease liabilities of approximately HK\$1.0 million for leased properties pursuant to HKFRS which requires a right-of-use asset and a corresponding liability to be recognized for all leases by a lessee except for short-term leases and leases of low-value assets.

(c) Commitments

As at 31 July 2021, the Group had capital commitment in respect of the acquisition of property, plant and equipment of approximately HK\$1.4 million.

Save as aforesaid, and apart from intra-group liabilities, and normal accounts payables, 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 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 31 July 2021.

The Directors confirm that there is no material change in the indebtedness and contingent liability of the Group from the close of business on 31 July 2021 to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

Taking into account the cash flow generated from the operating activities, the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that, in the absence of any unforeseen circumstances, the Group has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

With reference to the existing principal haircare appliances businesses, the Group anticipates that the business will be confronted with several key challenges. These include sluggish demand due to the COVID-19 pandemic, the pressure from customers to lower the selling price, a shortage of skilled labour in Mainland China, the shorter product life cycles of consumer electronic products as well as volatile capital markets and currency fluctuations. At the same time, the predictability of future sales orders received is comparatively low which presents difficulties in planning the allocation of resources.

Looking ahead, it is expected that the COVID-19 and the Sino-US trade war will continue to pose challenges to all industries. Although the Group are facing unpredictable challenges and uncertainties, we remain optimistic towards our business development in the medium and long run. In terms of market demand, as the COVID-19 vaccination rate worldwide is increasing, many countries are loosening business and social activities restrictions. Hopefully, it will lead to a rapid economic recovery and resume a higher demand for our products. Simultaneously, the Group will monitor the business operations, control and reduce unnecessary expenses so as to save costs.

The Group will continue to explore opportunities, to expand and diversify its businesses and activities, with a view to create new sources of income and to maximise the return to the Company and its shareholders in the long run.



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21 September 2021

China Overseas Nuoxin International Holdings Limited

Unit B, 12/F,
Hang Seng Causeway Bay Building,
28 Yee Wo Street,
Causeway Bay, Hong Kong

Dear Sir/Madam,

Re: Property Valuation of an industrial development located at Xiakeng Village, Changpang Town, Dongguan City, Guangdong Province, the People's Republic of China

In accordance with your instructions for us to value the property to be disposed by China Overseas Nuoxin International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property as at 31 July 2021 (the “**Date of Valuation**”) for the purpose of incorporation in the Circular of the Company dated 21 September 2021.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market values of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

Due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus, the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach (“**DRC**”) is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all

relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available.

3. TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice given by the Group's PRC legal adviser, Jianda Law Firm, regarding the titles of the property located in the PRC.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (RMB).

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD(BA) MFin BCom(Property)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 16 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

VALUATION CERTIFICATE

Property held by the Group for Owner Occupation and to be disposed by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 July 2021
An industrial development located at Xiakeng Village, Changpang Town, Dongguan City, Guangdong Province, the PRC	<p>The property comprises two parcels of land with a total site area of approximately 26,781.11 sq.m., with various buildings and structures erected thereon. The buildings were completed in between 1999 and 2009.</p> <p>As per the title certificates, the total gross floor area of the property is approximately 52,627.06 sq.m..</p> <p>The land use rights of the property were held for terms expiring on 30 March 2054 and 29 June 2057 respectively for industrial uses.</p>	As advised by the Group, the property was occupied by the Group as at the Date of Valuation for industrial use.	RMB91,400,000 (Please refer to Note No.3)

Notes:

- Pursuant to 2 Land Use Rights Certificates, Dong Fu Guo Yong (2004) Di No. Te 272 (東府國用(2004)第特272號) dated 20 May 2004 and Dong Fu Guo Yong (2007) Di No. Te 645 (東府國用(2007)第特645號) dated 30 June 2007, the land use rights of 2 parcels of land with a total site area of 26,781.11 sq.m. were granted to 東莞家利來電器有限公司 for terms expiring on 30 March 2054 and 29 June 2057 respectively for industrial uses.
- Pursuant to 6 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. C3335334 to C3335337 (粵房地証字第C3335334至C3335337號) and Yue Fang DI Quan Zheng Guan Zi Di Nos. 2700398367 and 2700398368 (粵房地權証莞字第2700398367至2700398368號) dated between 22 December 2004 and 20 July 2012, the buildings of the property with a total gross floor area of approximately 52,627.06 sq.m. were held by 東莞家利來電器有限公司 for industrial uses.
- We have attributed no commercial value to the buildings and structures with a total gross floor area of approximately 2,721.06 sq.m. which have not obtained any proper title certificates.

4. The inspection was performed by Zhang Jinren, MHKIS & MCIREH, in August 2021.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - a. 東莞家利來電器有限公司 is in possession of a property legal title to the property and has the rights to use, let and dispose of the property;
 - b. All the land premium of the property has been paid and settled;
 - c. The property is not subject to any mortgage, seizure and other restrictive encumbrances;
 - d. The existing use of the property is in compliance with the local planning regulations.
6. 東莞家利來電器有限公司 is a wholly-owned subsidiary of the Company.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with its valuation as of 31 July 2021 on the 100% of share capital of the Disposed Company.



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The Board of Directors
China Overseas Nuoxin International Holdings Limited
Unit B, 12/F,
Hang Seng Causeway Bay Building,
28 Yee Wo Street,
Causeway Bay, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions from China Overseas Nuoxin International Holdings Limited (the “Company”), Ravia Global Appraisal Advisory Limited (“Ravia” or “we”) prepare valuation of 100% equity interest of Sky Ocean Group Limited (the “Disposed Company”) and its subsidiaries (the “Disposed Group”) as of 31 July 2021 (the “Date of Valuation”).

This report states the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, source of information, overview of the Disposed Group, overview of the industry, methodology, adopted approach for the valuation of the Disposed Group, major assumptions, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Ravia acknowledges that this report may be made available to the Company for public documentation purpose and used as reference on the Company’s circular dated 21 September 2021 (the “Circular”).

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. BASIS OF VALUATION

Our valuation is based on fair value, which is known as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

3. SCOPE OF WORK

Our valuation opinion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Disposed Group and/or their representative(s) (collectively the “Management”). In the course of our valuation work, we have conducted the following processes to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the background, development, operations, financial performance and other relevant information of the Disposed Group;
- Reviewed relevant financial information, operational information and other relevant data concerning the Disposed Group;
- Reviewed and discussed with the Management on the business development concerning the Disposed Group provided to us by the Management;
- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry and market and obtained relevant statistical figures from public sources;
- Examined relevant basis and assumptions of both the financial and operational information of the Disposed Group, which were provided by the Management;
- Prepared a valuation model to derive the fair value of the Disposed Group; and
- Presented all relevant information on the scope of work, source of information, overview of the Disposed Group, major assumptions, valuation methodology, sensitivity analysis, limiting conditions, remarks and opinion of value in this report.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

4. LIMITATIONS IN SCOPE OF WORK

For the purpose of our valuation, we have been provided with the information in respect of the Disposed Group prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- In performing our services, we have relied on the accuracy of information provided by the Management with regards to the financial information of the Disposed Group and business affairs as well as the outlook for the business. The procedures and enquiries undertaken by us in preparing this report do not include any verification work, nor do they constitute an examination made in accordance with generally accepted auditing standards. As such, we do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability of these information we are based;
- Information furnished by others, upon which all or portions of this report are based, is believed to be reliable. However, we did not independently verify these information and no warranty is given as to the accuracy of such information;
- The result of our work is dependent on the financial performance of the Disposed Group (see “Section 6 — Overview of the Disposed Group” for details). However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of predicted results;
- Our analysis is limited to a desktop assessment on the Disposed Group, which relied on information provided by the Management. We are not required to perform physical inspection, site visits and verify the legal titles of the assets; and
- We have considered published market data and other public information, where appropriate, for which we are not responsible for their content and accuracy. Such information was obtained from sources such as Bloomberg and publicly available industry reports.

5. SOURCE OF INFORMATION

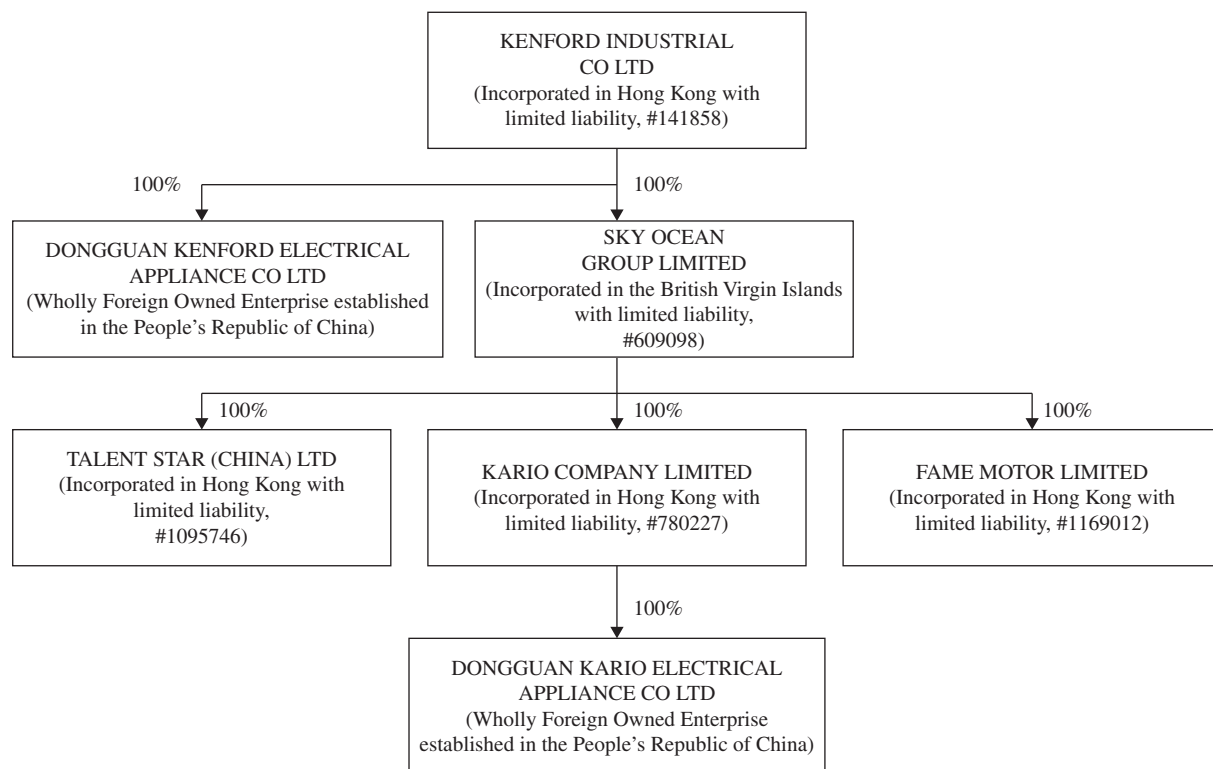
For the purpose of our valuation, we have been provided with the information in respect of the Disposed Group prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- Overall business descriptions, operations and development of the Disposed Group;
- Registrations, legal documents, permits and licenses related to the Disposed Group;
- The economic outlook in general and the specific economic environment and market elements affecting the Disposed Group, industry and market; and
- Bloomberg database, and other reliable sources of market data.

We have also conducted research from public sources to assess the reasonableness and fairness of information provided. We have assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion.

6. OVERVIEW OF THE DISPOSED GROUP

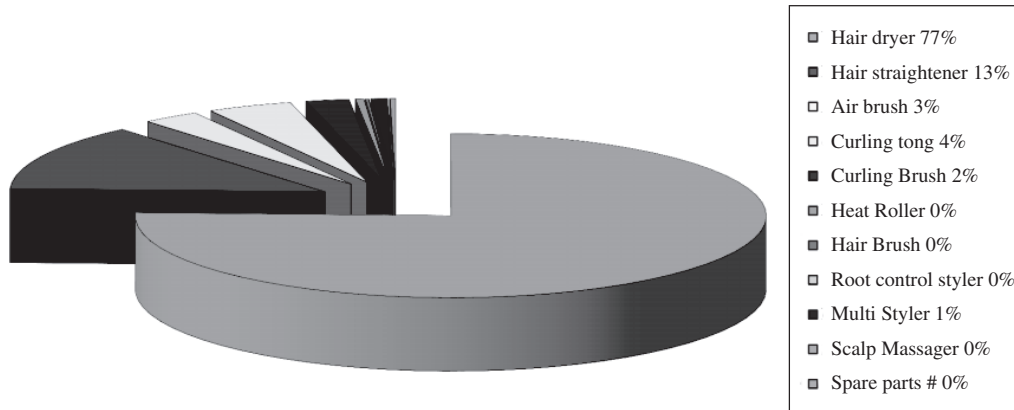
Kenford Industrial Co Ltd. (“Kenford”) is incorporated in Hong Kong which is the parent company of Sky Ocean Group Limited. The Disposed Group includes Sky Ocean Group Limited (the “Disposed Company”), Talent Star (China) limited, Kario Company Limited, Fame Motor Limited and Dongguan Kario Electrical Appliance Co. Ltd. The group chart is as below:



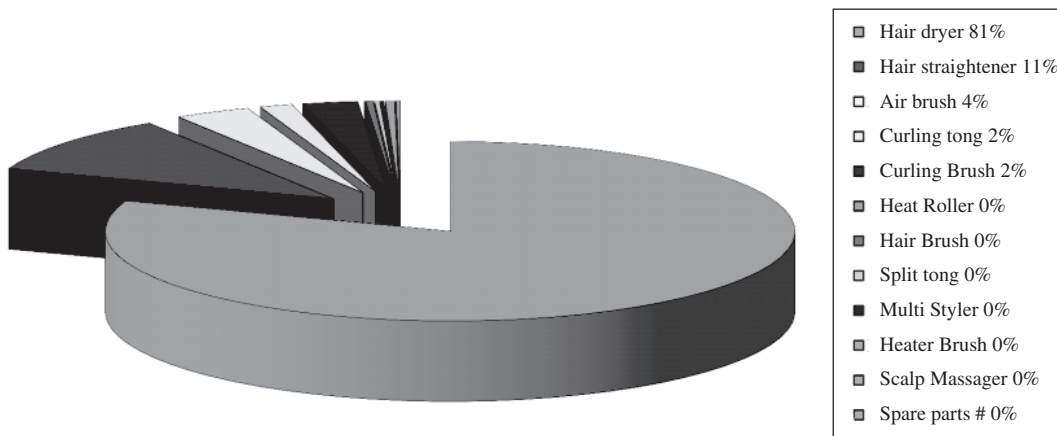
Kenford is principally engaged in the design, manufacture, and sale of electrical haircare appliances. Hairdryer contributes more than 75% of its sales, the remaining products include hair straightener, air brush, curling tong, curling brush etc.

The distribution of Kenford’s products in the past three years is shown in the following charts. It showed that hair dryer is ranked number one in the sales of products.

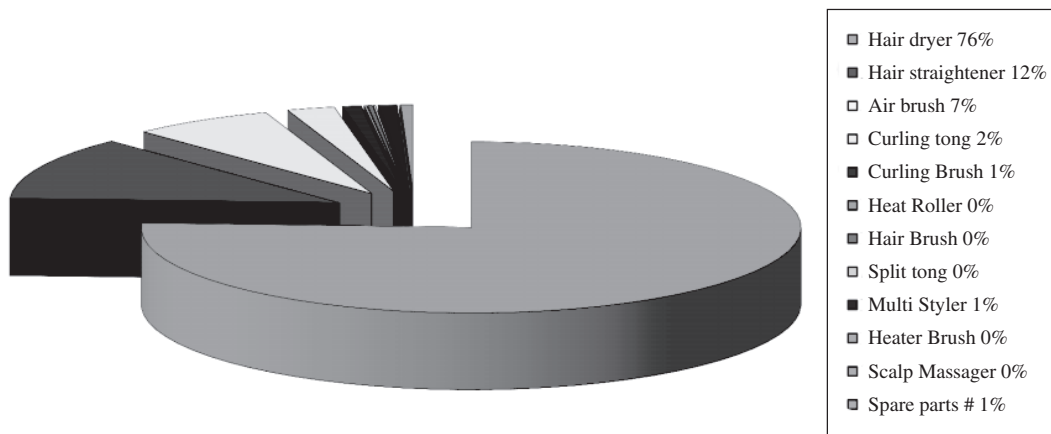
Sales by product — 2018/2019 (Amount HK\$)



Sales by product — 2019/2020 (Amount HK\$)



Sales by product — 2020/2021 (Amount HK\$)



Sky Ocean Group Limited is the disposed company which is incorporated in the British Virgin Islands with limited liability.

Talent Star (China) limited is incorporated in Hong Kong with limited liability. It's principally engaged in managerial services.

Kario Company Limited ("Kario") is incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and trading.

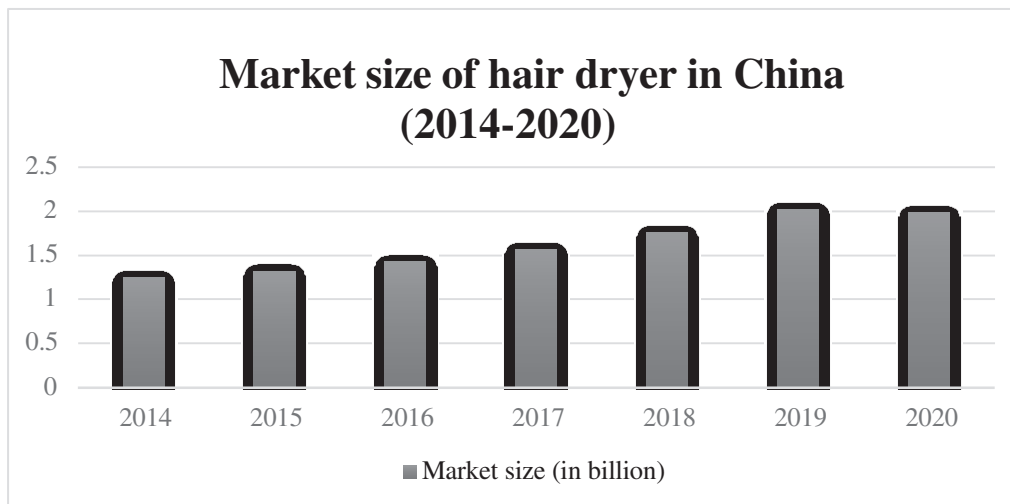
Dongguan Kario Electrical Appliance Co. Ltd. is a wholly owned subsidiary of Kario which specializes in manufacturing of hairdryer.

Fame Motor Limited is incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and trading.

7. OVERVIEW OF THE INDUSTRY

The hair dryer is composed of a set of electric wires and a small fan with high speed. When the electricity is energized, the electric wire will produce heat, and the wind blown by the fan through the electric wire will become hot air. If only the small fan rotation, and the electric wire is not hot, then the wind is not hot.

Due to the global epidemic, the market size of electric hair dryer has decreased. In 2020, the market size of electric hair dryer in China is about 1.98 billion yuan, down 1.5% year on year.



Source: chyxx.com

Different from traditional home appliances, the sales of small home appliances in China are still in the development stage. With the increase of consumer demand, the types and quantity of small home appliances are improving. The average profit rate of small home appliances is high, which brings high profits to enterprises.

According to the data released by Research Group, China is one of the major countries in the processing of small home appliances, and the export quantity of electric hair dryer is greater than the import quantity. In 2020, China's export of hair dryers was 110,157 million, down 8.1% year on year; China imported 1,596,000 hair dryers, down 3.5 percent year on year.

In China's online market in 2020, Philips of the Netherlands, Confu of China, Panasonic of Japan, Flyco of China and POVOS of China occupy the top five product types in the online market, accounting for 21%, 8%, 7%, 5% and 4% of the total product sales categories respectively.

From the type of hair care, the function of hair dryer is being fully upgraded, as of February 3, 2020, according to the incomplete statistics, constant temperature and anion and other keywords have become the basic configuration, water ion, collagen and other high value-added products have emerged. Hair dryers with constant temperature function account for 53.10% of the total market, and hair dryers with negative ion function account for 41.94% of the total market.

8. VALUATION METHODOLOGY

Conventional valuation approaches include Market Approach, Income Approach, and Cost Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing the Disposed Group that are similar in nature.

8.1. Market Approach

The market approach measures the value of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets.

8.2. Income Approach

The income approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

8.3. Cost Approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

9. ADOPTED APPROACH FOR THE VALUATION OF THE DISPOSED GROUP

Among the abovementioned valuation approaches, the selection of the valuation approach in valuing the Disposed Group is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the business operations and nature of the industry is participating, professional judgment and technical expertise.

The Income Approach is closest to pure theory, as the market value is derived from the present value of all future benefits. This approach implies that there is a direct relationship between the amount of income a property will earn and its value. Income approach relied heavily on a long term financial forecast, which requires subjective assumptions that are difficult to be justified. Therefore income approach is not adopted as a preferred approach in our case given the uncertainty of the future business development of the Disposed Group.

The Market Approach was not adopt in our case as there are no comparable companies that specialize in the design and production of hair dryers and account for more than 50% of the revenue.

The Asset-based Approach under the Cost Approach was considered to be the most appropriate valuation approach in this valuation. It is based on the economic principle of substitution; it essentially measures what is the net asset value as at the Date of Valuation and how much it would cost to replace those assets. The adjusted net asset value method is used to estimate the current fair value of the business or its assets.

10. MAJOR ASSUMPTIONS

In conducting our valuation work, certain major assumptions have to be adopted in order to sufficiently support our opinion of value. In addition, our valuation analyses are also subject to specific representations and certain principal assumptions that Management considers necessary and appropriate for adoption in our valuation analyses (as outlined below).

- The information provided and the representations made by the Management with regard to the Disposed Group's financial and business affairs are accurate and reliable;
- The Disposed Group will continue to operate as a going concern;
- The Disposed Group has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Disposed Group operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- There will be sufficient supply of technical staff in the industry in which the Disposed Group operates or intends to operate, and the Disposed Group will retain competent management, key personnel and technical staff to support their ongoing operations and developments;

- There will be no major changes in the current taxation laws in the localities in which the Disposed Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Disposed Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Disposed Group;
- There will be no material changes in the relevant interest rates and exchange rates that would impact the Disposed Group's business;
- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Disposed Group as of the Date of Valuation;
- As advised by the Management, the carrying amounts of the plant & machinery, furniture & fixtures, equipments, motor vehicles and leasehold improvements approximate the fair values of these assets;
- As advised by the Management, receivables, prepayment and deposits are short-term and liquid which are expected to be realized within a short period of time. Thus, the carrying amounts of these current assets approximate their fair values;
- As advised by the Management, the carrying amounts of current liabilities represent the amounts that the Disposed Group has to be settled. Thus, the carrying amounts of these current liabilities approximate their fair values;
- According to the Management, there is no material amount of expected credit losses for the accounts receivable;
- As advised by the Management, there are no undisclosed actual or contingent assets or liabilities as of the Date of Valuation;
- As advised by the Management, there is no identifiable intangible asset as of the Date of Valuation; and
- In case actual events do not accord with one or more of the above assumptions, the resulting value of the Disposed Group may vary substantially from the figure as set out in this report.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We have not verified the accuracy of the information provided and have assumed that the aforesaid information is accurate. We have not conducted any further investigations concerning whether all data have been provided to us for our assessment and we have no reason to believe that any material data have been withheld from us.

We would particularly point out that our valuation was based on the information made available to us, such as the market data, Disposed Group's information are true and accurate.

Our opinion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

This report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated in **Section 1 — Purpose of Valuation**, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

12. REMARKS

Unless otherwise stated, all monetary amount stated in this valuation report are in Hong Kong Dollars (HKD).

13. OPINION OF VALUE

Based on the investigation and analysis stated above, our scope of work and limitations in scope of work, information available, the assumptions adopted, and the valuation method employed, the fair value of 100% equity interest of Sky Ocean Group Limited as at 31 July 2021 (i.e., the Date of Valuation), in our opinion, was reasonably stated as HKD72,400,000 (HONG KONG DOLLARS SEVENTY TWO MILLION FOUR HUNDRED THOUSAND ONLY).

We hereby confirm that we have neither present nor prospective interests in the Company, the Disposed Group, or the value reported herein.

Yours faithfully,
For and on behalf of
Ravia Global Appraisal Advisory Limited

Elvis C F Ng
CFA, FRM
Director

Note: Mr. Elvis C F Ng is a holder of Chartered Financial Analyst and a certified Financial Risk Manager. He has over eleven years' experience in business valuation, transaction advisory and corporate consultancy in the Asia Pacific Region including Hong Kong, the PRC and Australia, as well as in European, American, Middle-east and African countries.

APPENDIX 1
THE ASSETS AND LIABILITIES OF THE DISPOSED GROUP AS OF 31 JULY 2021

Non-Current Assets	<i>HKD</i>	Adjustment <i>HKD</i>	<i>HKD</i>
Land	2,953,719	15,557,081	18,510,800
Building	96,369,715	(5,017,715)	91,352,000
Plant & machinery	1,981,561		1,981,561
Equipments	34,450		34,450
Leasehold Improvements	<u>345,125</u>		<u>345,125</u>
Sub-total of Non-Current Assets	<u>101,684,570</u>		<u>112,223,936</u>
Current Assets			
Inventories	37,008,194		37,008,194
Trade debtors	4,140,693		4,140,693
Temporary payments	495,072		495,072
Prepayments and other debtors	5,165,026		5,165,026
Sundry deposits	10,150		10,150
Bank	<u>2,524,943</u>		<u>2,524,943</u>
Sub-total of Current Assets	<u>49,344,078</u>		<u>49,344,078</u>
Current Liabilities			
Trade creditors	35,855,549		35,855,549
Other payables	248,638		248,638
Accrued expenses	12,614,173		12,614,173
Provision for tax	3,906,795		3,906,795
Deferred tax	17,050,060		17,050,060
Temporary receipts	357,667		357,667
Amount due to Kenford	<u>19,147,432</u>		<u>19,147,432</u>
Sub-total of Current Liabilities	<u>89,180,314</u>		<u>89,180,314</u>
Net Assets	<u>61,848,334</u>		<u>72,387,700</u>
100% equity interest in Sky Ocean Group Limited			<u>72,400,000</u>

APPENDIX 2

Property Valuation as of 31 July 2021	Market Value in RMB	Market Value in HKD
Land Portion	15,400,000	18,510,800
Building Portion	<u>76,000,000</u>	<u>91,352,000</u>
Total	<u>91,400,000</u>	<u>109,862,800</u>

1. RESPONSIBILITY STATEMENT

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

2. INTERESTS IN SECURITIES

(A) Directors' and chief executives' interests and short position in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules.

(B) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of substantial shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of issued Shares
China Yuen Capital Limited (<i>Note 1</i>)	Beneficial owner	253,132,500	56.80%
China Investment International Limited (<i>Note 1</i>)	Interest of controlled corporation	253,132,500	56.80%
Asia Glory Management Group Limited (<i>Note 1</i>)	Interest of controlled corporation	253,132,500	56.80%
Luckever Holdings Limited (<i>Note 1</i>)	Interest of controlled corporation	253,132,500	56.80%
Li Yuelan (<i>Note 1</i>)	Interest of controlled corporation	253,132,500	56.80%
Liu Xuezhong (<i>Note 1</i>)	Interest of controlled corporation	253,132,500	56.80%
Tianjin Xian Tong Investment Management Co., Ltd* (天津仙童投資管理有限責任公司)	Beneficial owner	50,575,000	11.35%
Tianjin Wei Tong Yuan Asset Management Co., Ltd* (天津禕童源資產管理有限公司)	Beneficial owner	44,500,000	9.99%
Donghai International Financial Holdings Company Limited (<i>Note 2</i>)	Security interest in Shares	227,332,500	51.01%
東海證券股份有限公司 (<i>Note 2</i>)	Security interest in Shares	227,332,500	51.01%

* For identification purposes only

Notes:

- (1) China Yuen Capital Limited is owned as to 100% by China Investment International Limited, which is owned as to 100% by Asia Glory Management Group Limited, which in turn is owned as to 100% by Luckever Holdings Limited. Luckever Holdings Limited is owned as to 60.87% by Mr. Liu Xuezhong and 39.13% by Ms. Li Yuelan (the spouse of Mr. Liu Xuezhong). By virtue of the SFO, each of China Investment International Limited, Asia Glory Management Group Limited, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan was taken to be interested in the 253,132,500 Shares held by China Yuen Capital Limited.
- (2) 東海證券股份有限公司 is the 100% immediate holding company of Donghai International Financial Holdings Company Limited. By virtue of the SFO, 東海證券股份有限公司 is taken to be interested in the 227,332,500 Shares held by Donghai International Financial Holdings Company Limited.

Save as disclosed above, as at the Latest Practicable Date, no person (other than Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date and which was significant in relation to the business of the Group; and none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up.

6. MATERIAL CONTRACT

As at the Latest Practicable Date, the following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of the Group within the two years preceding the issue of this circular and is or may be material:

- (a) the Sale and Purchase Agreement.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

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

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Ravia Global Appraisal Advisory Limited	Independent professional valuer

As at the Latest Practicable Date, the above expert:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) 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 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear.

10. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company is Unit B, 12/F, Hang Seng Causeway Bay Building, 28 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary of the Company is Mr. Shiu Wing Yan who is an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries & Administrators in the United Kingdom) and The Hong Kong Institute of Chartered Secretaries.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at 28/F Henley Building, 5 Queen's Road Central, Central, Hong Kong, for a period of 14 days from the date of this circular (both days inclusive):

- (a) the memorandum and articles of association of the Company;
- (b) the material contract referred to under the section headed "6. Material contract" in this appendix;
- (c) the annual report of the Company for the year ended 31 March 2019;
- (d) the annual report of the Company for the year ended 31 March 2020;
- (e) the annual report of the Company for the year ended 31 March 2021;
- (f) the Property Valuation Report, the text of which is set out in Appendix II to this circular;
- (g) the Business Valuation Report, the text of which is set out in Appendix III to this circular;
- (h) the written consent referred to in the section headed "9. Expert and consent" in this appendix; and
- (i) this circular.