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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, 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 **Zhong Fa Zhan Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser of transferee.

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**ZHONG FA ZHAN HOLDINGS LIMITED**  
**中發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 475)**

**MAJOR TRANSACTIONS**  
**SUBSCRIPTION OF STRUCTURED DEPOSITS**

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 12 June 2018
“Bank of Ningbo Structured Deposit Agreements”	the First Bank of Ningbo Structured Deposit Agreement, the Second Bank of Ningbo Structured Deposit Agreement and the Third Bank of Ningbo Structured Deposit Agreement
“Bank of Ningbo”	Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司), a bank licensed and incorporated under the laws of the PRC
“Board”	the board of Directors
“Company”	Zhong Fa Zhan Holdings Limited (中發展控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 475)
“Director(s)”	the director(s) of the Company
“EUR”	Euros, the lawful currency of the European Union
“First Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 11 December 2017 for RMB42,000,000
“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries from time to time
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	a third party (and where the third party is a corporation, such corporation and its ultimate beneficial owners) who is/are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“JPY”	Japanese Yen, the lawful currency of Japan

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## DEFINITIONS

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“Latest Practicable Date”	11 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 12 January 2018 for RMB30,000,000
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the share(s) of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Bank of Ningbo Structured Deposit Agreement”	the subscription of the structured deposit offered by Bank of Ningbo by Yuyao Yiheng on 12 February 2018 for RMB35,000,000
“USD”	United States dollars, the lawful currency of the United States
“Yuyao Yiheng”	Yuyao Yiheng Solar Technology Company Limited* (余姚市億恆太陽能科技有限公司), a wholly-owned subsidiary of the Company
“%”	percent

\* *The English translation is for identification purposes only.*

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## LETTER FROM THE BOARD

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### ZHONG FA ZHAN HOLDINGS LIMITED

### 中發展控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 475)**

*Executive Directors:*

Mr. Wu Hao (*Chairman*)  
Mr. Hu Yangjun  
Mr. Chan Wing Yuen, Hubert (*Chief Executive*)

*Non-Executive Director:*

Mr. Li Wei Qi, Jacky

*Independent Non-Executive Directors:*

Mr. Wu Chi Keung  
Ms. Kwok Pui Ha  
Mr. Jin Qingjun

*Registered office:*

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

*Head office and principal place of  
business in Hong Kong:*

Room 2202, 22/F.  
Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

16 July 2018

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTIONS SUBSCRIPTION OF STRUCTURED DEPOSITS

#### INTRODUCTION

Reference is made to the Announcement.

Between 11 December 2017 and 12 February 2018, Yuyao Yiheng, a wholly-owned subsidiary of the Company, entered into agreements with Bank of Ningbo, pursuant to which Yuyao Yiheng agreed to subscribe for the following structured deposits:

- The First Bank of Ningbo Structured Deposit Agreement in the amount of RMB42,000,000.

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## LETTER FROM THE BOARD

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- The Second Bank of Ningbo Structured Deposit Agreement in the amount of RMB30,000,000.
- The Third Bank of Ningbo Structured Deposit Agreement in the amount of RMB35,000,000.

The circular is despatched to the Shareholders for information purposes only. As disclosed in the Announcement, (i) to the best of the knowledge and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Bank of Ningbo Structured Deposit Agreements, thus no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Bank of Ningbo Structured Deposit Agreements; and (ii) pursuant to Rule 14.44 of the Listing Rules, the Company has obtained shareholders' written approval from Resources Rich Capital Limited, which was beneficially interested in 204,718,000 Shares, representing approximately 62.03% of the issued share capital of the Company, as at the Latest Practicable Date, for approving the Bank of Ningbo Structured Deposit Agreements.

The purpose of this circular is to provide Shareholders with, among other things: (i) further information on the Bank of Ningbo Structured Deposit Agreements and the transactions contemplated thereunder; (ii) the financial information of the Group; and (iii) other information as required under the Listing Rules.

### SUMMARIES OF THE BANK OF NINGBO STRUCTURED DEPOSIT AGREEMENTS

Summaries of the Bank of Ningbo Structured Deposits Agreements are as follows:

#### **(I) First Bank of Ningbo Structured Deposit Agreement**

##### *Date of the Agreement*

11 December 2017

##### *Parties*

Yuyao Yiheng, as the subscriber

Bank of Ningbo, as the bank

##### *Type of structured deposit*

Principal-protected with floating interest income

##### *Principal amount of the structured deposit*

RMB42,000,000

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## LETTER FROM THE BOARD

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### *Interest commencement date and maturity date*

11 December 2017 and 11 January 2018

### *Interest accrual period*

31 days

### *Expected income*

Interest payment = Principal × Floating interest rate × Interest accrual period ÷ 365

The amount of floating interest on the structured deposit is linked to the USD/JPY exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the USD/JPY exchange rate at any time equals to the upper or lower limit or stays outside the range of 100.55 to 126.05, the interest rate will be 1% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the USD/JPY exchange rate stays within the range of 100.55 to 126.05 at all times, the interest rate will be 3.7% per annum, calculated on a daily basis.

### *Payment date*

The principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

### *Transaction/administration fee*

There are no transaction or administration fees.

### *Early termination*

Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The First Bank of Ningbo Structured Deposit Agreement expired on 11 January 2018. Upon maturity, the principal amount of RMB42,000,000 and the interest of RMB131,983.56 (representing an annualised rate of return of 3.7%) were received by Yuyao Yiheng.

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## LETTER FROM THE BOARD

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### (II) Second Bank of Ningbo Structured Deposit Agreement

#### *Date of the Agreement*

12 January 2018

#### *Parties*

Yuyao Yiheng, as the subscriber

Bank of Ningbo, as the bank

#### *Type of structured deposit*

Principal-protected with floating interest income

#### *Principal amount of the structured deposit*

RMB30,000,000

#### *Interest commencement date and maturity date*

12 January 2018 and 12 February 2018

#### *Interest accrual period*

31 days

#### *Expected income*

Interest payment = Principal × Floating interest rate × Interest accrual period ÷ 365

The amount of floating interest on the structured deposit is linked to the GBP/USD exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the GBP/USD exchange rate at any time equals to the upper or lower limit or stays outside the range of 1.155 to 1.545, the interest rate will be 1% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the GBP/USD exchange rate stays within the range of 1.155 to 1.545 at all times, the interest rate will be 3.2% per annum, calculated on a daily basis.



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## LETTER FROM THE BOARD

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### *Payment date*

The principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

### *Transaction/administration fee*

There are no transaction or administration fees.

### *Early termination*

Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to YuyaoYiheng's designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The Second Bank of Ningbo Structured Deposit Agreement expired on 12 February 2018. Upon maturity, the principal amount of RMB30,000,000 and the interest of RMB81,534.25 (representing an annualised rate of return of 3.2%) were received by Yuyao Yiheng.

### **(III) Third Bank of Ningbo Structured Deposit Agreement**

#### *Date of the Agreement*

12 February 2018

#### *Parties*

Yuyao Yiheng, as the subscriber

Bank of Ningbo, as the bank

#### *Type of structured deposit*

Principal-protected with floating interest income

#### *Principal amount of the structured deposit*

RMB35,000,000

#### *Interest commencement date and maturity date*

12 February 2018 and 15 March 2018

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## LETTER FROM THE BOARD

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### *Interest accrual period*

31 days

### *Expected income*

Interest payment = Principal × Floating interest rate × Interest accrual period ÷ 365

The amount of floating interest on the structured deposit is linked to the EUR/USD exchange rate during the interest accrual period as follows:

- (a) During the interest accrual period, if the EUR/USD exchange rate at any time equals to the upper or lower limit or stays outside the range of 1.225 to 1.235, the interest rate will be 3.2% per annum, calculated on a daily basis; or
- (b) During the interest accrual period, if the EUR/USD exchange rate stays within the range of 1.225 to 1.235 at all times, the interest rate will be 1% per annum, calculated on a daily basis.

### *Payment date*

The principal amount shall be paid by Bank of Ningbo on the maturity date. Interest on the structured deposit shall be paid by Bank of Ningbo within 2 working days after the maturity date.

### *Transaction/administration fee*

There are no transaction or administration fees.

### *Early termination*

Bank of Ningbo has the right to terminate the structured deposit early. If the right of early termination is exercised, Bank of Ningbo shall return the principal amount and any interest accrued to Yuyao Yiheng's designated account within 3 working days.

Yuyao Yiheng does not have the right of early termination.

The Third Bank of Ningbo Structured Deposit Agreement expired on 15 March 2018. Upon maturity, the principal amount of RMB35,000,000 and the interest of RMB95,123.29 (representing an annualised rate of return of 3.2%) were received by Yuyao Yiheng.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PARTIES

#### **The Group**

The Group is principally engaged in the jewelry business in Hong Kong and the PRC, as well as solar energy business in the PRC. Yuyao Yiheng is a foreign wholly-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the solar energy business, including the manufacture and distribution of cooling-stored pipes.

#### **Bank of Ningbo**

Bank of Ningbo is a bank licensed and incorporated under the laws of the PRC. It is listed on the Shenzhen Stock Exchange (stock code: 002142). Bank of Ningbo is principally engaged in the provision of personal and corporate banking services to its customers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Bank of Ningbo and its ultimate beneficial owners are Independent Third Parties of the Company.

### **REASONS AND BENEFITS OF ENTERING INTO THE BANK OF NINGBO STRUCTURED DEPOSIT AGREEMENTS**

The Bank of Ningbo Structured Deposit Agreements are part of the Company's treasury activities to maximise the use of its funds. The Bank of Ningbo Structured Deposit Agreements are principal-protected in nature. As such, the principal deposits are guaranteed. These highly secured products are low-risk and have no adverse consequences on the working capital of the Company, while at the same time provide a higher return than traditional methods of depositing capital in a savings account with a commercial bank. Furthermore, the Bank of Ningbo Structured Deposit Agreements are short term which allows for the liquidity of funds. Thus far, the Bank of Ningbo Structured Deposit Agreements have generated stable and positive returns for the Company, and no loss was incurred.

The Company considers that the Bank of Ningbo Structured Deposit Agreements were entered into on normal commercial terms, in the ordinary course of business of the Company, and were transacted in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated for each of the Bank of Ningbo Structured Deposit Agreements are more than 25% but less than 100%, they constitute major transactions under Rule 14.06(3) and are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

The Company had not announced details of the major transactions in a timely manner and obtained shareholders' approval in advance as required by Rules 14.34 and 14.40 of the Listing Rules due to the mistaken belief that the Bank of Ningbo Structured Deposit Agreements did not constitute 'transactions' as defined in Rule 14.04 of the Listing Rules. The management of the Company honestly believed that the Bank of Ningbo Structured Deposit Agreements were akin to cash deposits, but had since reviewed and introduced the following measures to avoid the occurrence of such a mistake in the future:

- (i) the finance department and company secretarial department of the Company shall continue to oversee and monitor the Company's on-going compliance with the Listing Rules;
- (ii) the Company should conduct an internal training session to explain the relevant Listing Rules' requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution;
- (iii) the Company should, as and when appropriate and necessary, seek its external legal or other professional advice as to any action required to be taken in relation to any proposed transactions or events in the future; and
- (iv) the Company should strengthen its communication with its subsidiaries and emphasise the importance of ensuring the Company's compliance with the Listing Rules.

Since no Shareholder would be required to abstain from the voting if the Company were to convene a general meeting for the approval of the Bank of Ningbo Structured Deposit Agreements, written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

### RECOMMENDATION

The Directors consider that the terms of the Bank of Ningbo Structured Deposit Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and would have recommended the Shareholders to vote in favour of the resolutions to approve, confirm and ratify the Bank of Ningbo Structured Deposit Agreements if it had been necessary to hold a general meeting for such purpose.

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## LETTER FROM THE BOARD

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Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Bank of Ningbo Structured Deposit Agreements, written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained shareholders' written approval from Resources Rich Capital Limited, which was beneficially interested in 204,718,000 Shares, representing approximately 62.03% of the issued share capital of the Company, as at the Latest Practicable Date, for approving the Bank of Ningbo Structured Deposit Agreements. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Bank of Ningbo Structured Deposit Agreements.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of the Board of  
**Zhong Fa Zhan Holdings Limited**  
**Wu Hao**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the three years ended 31 March 2015, 2016 and 2017, and the six months ended 30 September 2017, are disclosed in the following documents:

- annual report of the Company for the year ended 31 March 2015 (pages 28 to 64);
- annual report of the Company for the year ended 31 March 2016 (pages 34 to 75);
- annual report of the Company for the year ended 31 March 2017 (pages 37 to 83); and
- interim report of the Company for the six months ended 30 September 2017 (pages 14 to 26).

The above documents have been published on the website of the Stock Exchange (<http://www.hkex.com/hk>) and the website of the Company (<http://www.475hk.com>).

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 May 2018, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had unsecured and guaranteed borrowings from a controlling shareholder of approximately HK\$75,153,000.

Save as disclosed in this circular, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 May 2018, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that they were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 March 2017, being the date up to which the latest published audited consolidated financial statements of the Group were made.

**4. WORKING CAPITAL SUFFICIENCY**

As the subscriptions of the Bank of Ningbo Structured Deposit Agreements were entered into some time ago and have since expired without any adverse impact on the working capital of the Company, the Company does not include a statement of working capital sufficiency in this circular, as strictly required under Rule 14.66(10) of the Listing Rules.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the jewelry business in Hong Kong and the PRC, as well as solar energy business in the PRC.

The recent recovery of the PRC jewelry industry had led to an improvement of sales of the Group's jewelry business in the PRC in 2017. Furthermore, in light of the increasing consumer sentiments and momentum of the property and stock markets in Hong Kong, the Group decided to restart its fine jewelry wholesale business in Hong Kong in 2017 in order to seize market opportunities. The Group will continue to apply stringent cost control to achieve sustainable development target of its jewelry business in the long run.

The Group has also been expanding its solar energy business since the end of 2015. In 2017, the Group had preliminarily completed the technique enhancement of localisation application and successfully launched a pilot project for introducing solar cooling proprietary technology products and solutions in Wuhu, Anhui Province, the PRC. Taking into consideration, among others, the recent favourable policy environment in the PRC, the Group is confident in the future prospect of the PRC solar energy market. To facilitate the production capacity in order to meet the expected growth in demand for solar photovoltaic products, the Group plans to acquire, subject to the independent Shareholders' approval at an extraordinary general meeting to be convened and held, a factory located on the north side of Binhai Avenue, Binhai New Area, Yuyao, Zhejiang Province, the PRC. The Group will continue to, among others, reinforce its operational management and develop optimised systematic products and solutions in order to achieve economic efficiency and grasp opportunities for further business growth in the future.

Going forward, the Group will continue to closely monitor the market and timely adjust its business strategies so as to maintain stability and competitive advantages. In addition, the Group will continue to explore various business opportunities, optimise business structure, strengthen resource allocation as well as attract professional talent to create greater value for its Shareholders, customers and the society.

**6. FINANCIAL EFFECTS OF THE SUBSCRIPTIONS ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP**

The subscriptions under the Bank of Ningbo Structured Deposit Agreements were recorded as structured deposit under current assets of the Group. The subscriptions increased the structured deposit of the Group and decreased the bank balances and cash of the Group.

As of the Latest Practicable Date, all the Bank of Ningbo Structured Deposit Agreements have expired and the Group received a total sum of approximately RMB107,308,641 in respect of their redemptions, comprising the return of investment cost of RMB107,000,000 and a total gain of RMB308,641 recognised in other income and gains.

**A. 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 Group. 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.

**B. DISCLOSURE OF INTERESTS****Interest of Directors**

As at the Latest Practicable Date, the interests and short positions of each Director in the Shares or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Long/Short position	Number of ordinary shares	Capacity and Nature of Interest	% of issued share capital
Mr. Hu Yangjun	Long	204,718,000	Interest in a controlled corporation ( <i>Note</i> )	62.03
	Long	2,736,000	Beneficial owner	0.83
Mr. Wu Hao	Long	2,736,000	Beneficial owner	0.83
Mr. Li Wei Qi, Jacky	Long	2,736,000	Beneficial owner	0.83

*Note:*

- (1) The 204,718,000 Shares were held by Resources Rich Capital Limited. Mr. Hu Yangjun held 50% of the issued share capital of Resources Rich Capital Limited and thus, he is deemed to be interested in 204,718,000 Shares held by Resources Rich Capital Limited under the SFO.

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



**Directors' positions in the substantial shareholders**

Mr. Hu Yangjun is a director of Resources Rich Capital Limited, which owned approximately 62.03% of the issued share capital of the Company as at the Latest Practicable Date.

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

**C. DIRECTORS' SERVICE CONTRACTS**

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

**D. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**E. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS****Sale and Purchase Agreement with Hainan Kay Hing**

On 30 August 2017, Yuyao Yiheng, as purchaser, and 海南凱興科技開發有限公司 (unofficial English translation as Hainan Kay Hing Technology Development Company Limited) ("**Hainan Kay Hing**"), as vendor, entered into a sale and purchase agreement in relation to the acquisition of a property located at Room 607, 10 Guan Yi Hou, Shangcheng District, Hangzhou, Zhejiang Province, the PRC, which was designated for office use, for a consideration of RMB3,950,000. Hainan Kay Hing was owned as to (i) 90% by Mr. Hu Yangjun, an executive Director of the Company; and (ii) 10% by Ms. Zhang Qi, his spouse. For more details, please refer to the Company's announcement dated 30 August 2017.

**Conditional Sale and Purchase Agreement with CECEP Yuyao**

On 24 April 2018, the Company, 寧波升谷節能科技有限公司 (unofficial English translation as Ningbo Shenggu Energy Reservation Technology Co., Ltd) ("**Ningbo Shenggu**"), a wholly-owned subsidiary of the Company, as purchaser, and 中節能(余姚)低碳技術開發有限公司 (unofficial English translation as CECEP (Yuyao) Low Carbon Technology Development Co., Ltd.) ("**CECEP Yuyao**"), as vendor, entered into a conditional sale and purchase agreement in relation to an acquisition of a piece of land located in the Binhai New Area, Yuyao, Zhejiang Province, the PRC, together with the factory constructed thereon, at the aggregate consideration of RMB59,212,000, subject to adjustment. Mr. Li Wei Qi, Jacky, a non-executive Director, is also a director of CECEP Yuyao. For more details, please refer to the Company's announcement dated 24 April 2018.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors of the Company had any direct or indirect interests in any assets which have since 31 March 2017 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

#### **F. MATERIAL CONTRACTS**

The following material contracts were entered into by the Company or its subsidiaries (not being contracts in the ordinary course of business) within two years immediately preceding the date of this circular:

- (i) the sale and purchase agreement dated 30 August 2017 entered into between the Yuyao Yiheng and Hainan Kay Hing pursuant to which Yuyao Yiheng agreed to purchase and Hainan Kay Hing agreed to sell a property located at Room 607, 10 Guan Yi Hou, Shangcheng District, Hangzhou, Zhejiang Province, the PRC, which was designated for office use, for a consideration of RMB3,950,000, details of which are set out in the announcement of the Company dated 30 August 2017;
- (ii) the memorandum of understanding dated 13 November 2017 entered into between the Company, Ningbo Shenggu and CECEP Yuyao in relation to the proposed acquisition of a factory to be constructed by CECEP Yuyao at the location of North of Binhai Avenue, Binhai New Area, Yuyao, Zhejiang Province, PRC, as well as the interim use of the factory, details of which are set out in the announcement of the Company dated 13 November 2017; and
- (iii) the conditional sale and purchase agreement dated 24 April 2018 entered into between the Company, Ningbo Shenggu and CECEP Yuyao in relation to the acquisition of a piece of land located in the Binhai New Area, Yuyao, Zhejiang Province, the PRC, together with the factory constructed thereon, at the aggregate consideration of RMB59,212,000, subject to adjustment, details of which are set out in the announcement of the Company dated 24 April 2018.

#### **G. LITIGATION**

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

**H. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays in Hong Kong) from the date of this circular up to and including 30 July 2018 at the head office and principal place of business of the Company in Hong Kong at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong:

- (i) the memorandum and articles of association of the Company;
- (ii) the Bank of Ningbo Structured Deposit Agreements;
- (iii) the annual reports of the Company for the years ended 31 March 2016 and 31 March 2017;
- (iv) the interim report of the Company for the six months ended 30 September 2017;
- (v) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (vi) this circular.

**I. GENERAL**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The company secretary is Mr. Chow Chi Shing who is a certified public accountant.

**J. MISCELLANEOUS**

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