THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Bisu Technology Group International Limited** (the "**Company**"), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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比速科技集團國際有限公司

Bisu Technology Group International Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1372)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND THE SALE LOAN OWNED BY THE TARGET GROUP

Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board dated 8 March 2021 is set out on pages 5 to 13 of this circular.

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

8 March 2021

CONTENTS

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

"Announcement"	the announcement of the Company dated 27 January 2021 in relation to, among other things, the entering into of the S&P Agreement and the Disposal
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone signal No. 8 or above or a "black rainstorm signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"Chongqing Bisu"	重慶比速雲博動力科技有限公司 (Chongqing Bisu Yunbo Power Technology Company Limited#), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chongqing Xunyi
"Chongqing Xunli"	重慶迅利商業管理有限公司 (Chongqing Xunli Business Management Company Limited#), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Lianyungang
"Chongqing Xunyi"	重慶訊逸企業管理有限公司 (Chongqing Xunyi Corporate Management Company Limited#), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Smart Source
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	Bisu Technology Group International Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1372)

"Completion"	completion of the Disposal in accordance with the terms of the S&P Agreement
"Completion Date"	the date on which Completion takes place, being 29 January 2021
"Consideration"	the total consideration of HK$41,500,000 payable by the Purchaser to the Vendor for the acquisition of the Sale Share and the Sale Loan in accordance with the terms of the S&P Agreement
"Convertible Bonds"	the zero coupon convertible bonds in the aggregate principal amount of HK$390,000,000 issued by the Company on 4 February 2016 (as amended on 31 December 2017 and 14 January 2020)
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser
"Earnest Money"	HK$500,000 paid by the Purchase to the Vendor on 20 January 2021 pursuant to the MOU as earnest money for the purchase of the Sale Share and the Sale Loan, which is refundable to the Purchaser in the event the Disposal fails to proceed to Completion
"Global Harvest"	Global Harvest Inc., a company incorporated in the BVI and a direct wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
"Latest Practicable Date"	3 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

"Lianyungang"	連雲港訊利信息諮詢服務有限公司 (Lianyungang Signality and Information Consulting Service Company Limited#), a wholly foreign-enterprise company established in the PRC with limited liability and is a wholly-owned subsidiary of the Hong Kong Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Moore"	Moore Transaction Services Limited, an independent professional valuer appointed by the Company to conduct a valuation on the Target Group
"MOU"	the non-legally binding memorandum of understanding dated 20 January 2021 entered into between the Vendor and the Purchaser setting out the preliminary understanding in relation to the Disposal
"PN Interests"	the interests in the amount of HK$41,000,000 payable by the Company to Power Expert for the period from 5 February 2020 to 4 February 2022 pursuant to the terms of the Promissory Notes
"PRC"	the People's Republic of China, which for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Power Expert"	Power Expert Global Limited, a company incorporated in the British Virgin Islands with limited liability, being the holder of the Promissory Notes, the ultimate beneficial owner of which is Mr. Wang Hongzhang, an Independent Third Party
"Promissory Notes"	interest bearing promissory notes issued by the Company on 4 February 2016 (as amended on 31 December 2017, 14 January 2020 and 29 January 2021) in the aggregate principal amount of HK$410,000,000
"Purchaser"	Mr. Liu Chang, an Independent Third Party
"RMB"	Renminbi, the lawful currency of the PRC

"S&P Agreement"	the conditional sale and purchase agreement dated 27 January 2021 entered into between the Purchaser and the Vendor relating to the Disposal
"Sale Loan"	the shareholder's loan owed respectively by the Target Company and Lianyungang to the Vendor at Completion. As at the Completion Date, the Sale Loan amounted to approximately HK$49,700,000
"Sale Share"	one issued share of US$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at Completion
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shares"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Smart Source"	Smart Source Corporation Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Well Surplus Enterprises Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company immediately prior to Completion
"Target Group"	the Target Company and its subsidiaries
"US$"	United States dollar(s), the lawful currency of the United States of America
"Vendor"	Future Marvel Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

\# *The English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

比速科技集團國際有限公司
Bisu Technology Group International Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1372)

Directors:
Executive Directors:
Dr. Gao Gunter
Mr. Chen Xinwei
Mr. Artem Matyushok
Mr. Brett Ashley Wight
Mr. Chin Chun Hin

Non-executive Director:
Mr. Chen Bingyan *(Chairman)*

Independent Non-executive Directors:
Mr. Ip Mei Shun
Mr. Leung Tsz Wing
Mr. Yu Wai Chun

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Cayman Islands

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Room 1001, 10/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

8 March 2021

To the Shareholders:

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND THE SALE LOAN OWNED BY THE TARGET GROUP

INTRODUCTION

Reference is made to the Announcement in relation to the entering into of the S&P Agreement among the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and the Target Company for the disposal by the Vendor of the Sale Share and the Sale Loan at an aggregate consideration of HK$41,500,000. Completion took place on 29 January 2021, and the Target Company has ceased to be a subsidiary of the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction on the part of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the S&P Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written approval for the Disposal from Youth Force Asia Ltd., the controlling Shareholder, which holds 147,700,000 Shares, representing approximately 73.85% of the issued share capital of the Company as at the date of the Announcement and as at the Latest Practicable Date, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Disposal; and (ii) other information required to be disclosed pursuant to the Listing Rules.

THE S&P AGREEMENT

Set out below are the principal terms of the S&P Agreement:

Date

27 January 2021

Parties

Purchaser:	Mr. Liu Chang
Vendor:	Future Marvel Limited, a wholly-owned subsidiary of the Company
Target Company:	Well Surplus Enterprises Limited

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Purchaser and his associates are Independent Third Parties.

Assets to be disposed of

Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase:

(a) the Sale Share, free from all encumbrances and together with all rights attaching thereto as from the Completion Date, including but not limited to all dividends paid, declared or made on or after the Completion Date; and

(b) the Sale Loan, free from all encumbrances and together with all rights, titles, benefits and interests attaching thereto as at the Completion Date.

Further particulars of the Target Group are set out in the section headed "INFORMATION OF THE TARGET GROUP" below.

Consideration

The total Consideration is HK$41,500,000, which shall be settled by the Purchaser in the following manner:

(a) the Earnest Money will be applied at Completion to set off against an equivalent aggregate amount of HK$500,000 of the Consideration; and

(b) the balance of HK$41,000,000 shall be satisfied by way of waiver of the PN Interests by Power Expert at the procurement of the Purchaser on or before the Completion Date.

The Consideration was determined after arm's length negotiations and on normal commercial terms, with reference to (i) the financial position of the Target Group; (ii) valuation of the Target Group at HK$0 as at 30 November 2020 as appraised by Moore, based on the Cost Approach; and (iii) the information set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction or (where applicable) waiver of the following:

(a) each of the Company, the Vendor, the Target Company and the Purchaser having obtained approvals from all relevant government departments, authorities and/or third parties for the transactions contemplated under the S&P Agreement;

(b) the waiver by Power Expert of the PN Interests;

(c) the warranties given by the Vendor under the S&P Agreement remaining true and accurate and not misleading in all material respects, and the Vendor has not breached any terms under the S&P Agreement in any material respects; and

(d) the warranties given by the Purchaser under the S&P Agreement remaining true and accurate and not misleading in all material respects, and the Purchaser has not breached any terms under the S&P Agreement in any material respects.

The Purchaser may waive in writing any of the conditions precedent set out in sub-paragraph (c) above at any time before the Completion Date. The Vendor may waive in writing any of the conditions precedent set out in sub-paragraph (d) above at any time before the Completion Date. Save as aforesaid, none of the conditions precedent may be waived.

All of the conditions precedent have been fulfilled on 29 January 2021.

Completion

Completion is to take place on the second Business Day after the fulfilment (or waiver, as the case may be) of the conditions set out above, or such other date as the Vendor and the Purchaser may agree in writing. As all of the conditions set out above have been fulfilled, Completion has taken place on 29 January 2021.

Upon Completion, the Target Company and its subsidiaries have ceased to be subsidiaries of the Company.

INFORMATION ON THE GROUP AND THE VENDOR

The Vendor is a wholly-owned subsidiary of the Company and is an investment holding company.

Prior to Completion, the Group is principally engaged in two business segments, which are (i) development, production and sale of automotive engines; and (ii) civil engineering works and building construction and maintenance works. Upon Completion, the Group has ceased to engage in development, production and sale of automotive engines.

INFORMATION ON THE PURCHASER AND POWER EXPERT

The Purchaser is an individual investor with diversified investment in the PRC and Hong Kong.

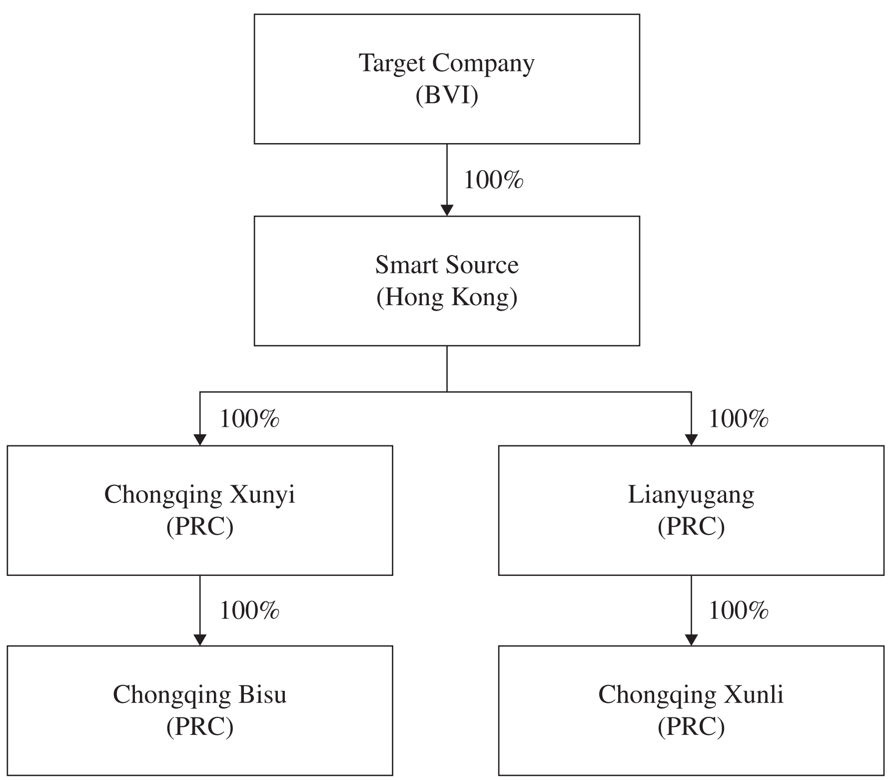
The Purchaser was the ultimate beneficial owner of Power Expert until 23 January 2021, when he transferred the entire issued share capital in Power Expert to Mr. Wang Hongzhang ("**Power Expert Transfer**").

Prior to the Power Expert Transfer when the Purchaser and the Vendor signed the MOU on 20 January 2021, it was agreed in principle between the Vendor and the Purchaser that part of the Consideration would be settled by way of waiver of the PN Interests by Power Expert. While the Purchaser and Mr. Wang Hongzhang were negotiating for the Power Expert Transfer after the date of the MOU but prior to Completion, the Purchaser reached an agreement with Mr. Wang Hongzhang to adopt the same arrangement, with the waiver of the PN Interests as settlement of part of the consideration for the Power Expert Transfer.

The agreement for the waiver of the PN Interests by Power Expert is a commercial decision reached between the Purchaser and Mr. Wang Hongzhang as a contractual term to the Power Expert Transfer. As Power Expert at all relevant time remains as the holder of the Promissory Notes, the change of its ultimate beneficiary owner does not affect the terms of the Disposal, as the PN Interests have been properly waived in accordance with the original agreement between the Vendor and the Purchaser.

INFORMATION OF THE TARGET GROUP

Set out below is the simplified shareholding structure of the Target Group as at the date of the Announcement:



Each of the Target Company, Smart Source, Lianyungang and Chongqing Xunyi is an investment holding company. The principal asset of the Target Group is the entire equity interest in Chongqing Bisu and Chongqing Xunli.

Chongqing Bisu is principally engaged in the development, production and sales of automobile engines and parts.

Chongqing Xunli is principally engaged in business operation management and business marketing strategy & consultation.

Financial Information of the Target Group

Set out below is a summary of audited consolidated financial information of the Target Group as prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2018 and 2019 and the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2020:

	For the years ended		**For the six months ended**
	31 December 2018	**31 December 2019**	**30 June 2020**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	276,514	81,293	2,429
Loss before tax	133,379	396,848	37,065
Loss after tax	135,926	393,336	37,065

As of 30 November 2020, the unaudited consolidated total asset value and net liabilities of the Target Group were HK$50,300,000 and HK$296,800,000, respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Immediately prior to Completion, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the Company has ceased to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following Completion and the Group will cease to engage in the business of development, production and sale of automotive engines business following Completion.

It is estimated that, upon Completion, the Company will record a gain on disposal of approximately HK$280,000,000, calculated by taking into account the Consideration, the relevant expenses in relation to the Disposal, the net liabilities of the Target Group of approximately HK$296,800,000 as at 30 November 2020, and the Sale Loan. Shareholders should note that the actual amount of the gain on Disposal to be recognised in the consolidated financial statement of the Company depends on (i) the net asset value of the Target Group as at the Completion Date; (ii) the actual expenses incurred for the Disposal; and (iii) (where applicable) the discounted value of the PN Interests, therefore the gain from Disposal is subject to the final review of the auditor of the Company and may be different from the amount mentioned above.

Save for the Earnest Money, no proceeds in cash have been received by the Group from the Disposal as the Consideration has been settled by way of waiver of the PN Interests in full. The Earnest Money will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. Prior to Completion, the Group is principally engaged in civil engineering works and building construction and maintenance works and development, production and sale of automotive engines.

As disclosed in the annual report of the Company for the year ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020 (the "**Interim Report**"), as the Target Group's final products are specifically designed for only a few customers in the PRC, operation status of each of such customers will have a crucial impact on the performance of the Target Group. The management of the Group have noticed that in the past few years, as a result of the reduction of excessive production capacity policy and the de-leveraging policy in the PRC since 2018, business performance of most of the customers of the Target Group are unsatisfactory, and they are facing financial difficulties with their operations materially affected. As at 31 January 2021, accounts receivable (before any ECL (as defined in Appendix 1) adjustment) due from these customers amounted to approximately HK$723,000,000 and the said amount remained outstanding as at the Completion Date. None of the abovementioned customers is a subsidiary of the Company.

Among these customers, the Company is aware that a key customer (the "**Key Customer**") is undergoing corporate restructuring in order to improve its financial position and resume normal operation, yet the progress of restructuring is slow and the Key Customer only maintains minimal level of operation until now. Further, the management of the Group was given to understand that a new engine production line may be injected into the Key Customer following its business restructuring and such injection will materially reduce its orders placed with the Target Group in the future. The revenue contribution of the Key Customer to the Target Group for the two years ended 31 December 2018 and 2019 were approximately HK$80,300,000 and approximately HK$131,900,000, respectively.

Despite the fact that, as disclosed in Appendix 1, the national production of new energy vehicles increased from approximately 790,000 units in 2017 to approximately 1,240,000 units in 2019, the increase in demand was mainly for new energy vehicles and not for traditional gasoline vehicles or relevant parts, which were the main products of the Target Group and its customers. Therefore, instead of benefiting from the increase in demand for new energy vehicles, the Target Group and its customers were affected by the drop in demand for their products and were also significantly affected by the policy of reduction of excessive production capacity and de-leveraging in the PRC in 2018.

As the development of new energy vehicles and the parts would require substantial capital investment, coupled with the fact that there are already a few major established players dominating the market, the Group finds it impracticable for the Target Group which is in difficult financial situation to invest the necessary resources to venture into the new energy vehicle market.

Since the drop of the business of the Target Group in 2018 due to reasons mentioned above, the Company has been proactively evaluating the business strategies of the Target Group with an aim to stabilizing the business performance and maintaining sustainable development of the Target Group, yet, in light of the above drop in the overall business performance of the customers of the Target Group, the Company is in the view that the business prospect of the Target Group is highly uncertain and not promising. Since 2020, the operation of the Target Group has shrunk significantly with no new orders from its customers and no new products being manufactured. Its revenue dropped significantly from approximately HK$81,000,000 in 2019 to approximately HK$3,000,000 for the period from January to November 2020, with the said HK$3,000,000 generated from delivering inventory manufactured in 2019 and providing replacement parts to its customers. Full impairment losses were made on the property, plant and equipment and goodwill of the Target Group during 2020.

The Board is in the view that the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole as the Disposal would improve the financial position of the Group, having considered (i) the unaudited consolidated net liabilities of the Target Group as at 30 November 2020 of approximately HK$296,800,000; (ii) the valuation of the Target Company at HK$0 as at 30 November 2020, as appraised by Moore, based on the Cost Approach; (iii) the continuous net loss of the Target Group of approximately HK$393,300,000 for the year ended 31 December 2019 and approximately HK$37,100,000 for the six months ended 30 June 2020; (iv) the likely inability of the Target Group to repay the Sale Loan due to its deteriorating performance; (v) the gain on disposal of approximately HK$280,000,000, with the consideration to be settled mainly by waiver of the PN Interests, which would otherwise have to be paid by the Company to Power Expert as they fall due; and (vi) the saving of the costs and expenses which will be inevitably incurred by the Target Group but unlikely to be recoverable such as the administrative costs, audit fees and legal expenses.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction on the part of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the S&P Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written approval for the Disposal from Youth Force Asia Ltd., the controlling Shareholder, which holds 147,700,000 Shares, representing approximately 73.85% of the issued share capital of the Company as at the date of the Announcement and as at the Latest Practicable Date, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Board considers that the terms and conditions of the S&P Agreement and the Disposal are fair and reasonable and are on normal commercial terms and in the interest of the Company and the Shareholders as a whole. As such, the Board considers that the Disposal is in line with the Group's business strategy. If a general meeting was to be convened, the Board would recommend the Shareholders to vote in favour of the resolution to approve the S&P Agreement and the Disposal at such general meeting.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Bisu Technology Group International Limited
Gao Gunter
Executive Director

The following is the text of a report prepared for the purpose of incorporation in this circular received from Moore Transaction Services Limited, an independent valuer, in connection with its valuation as at 30 November 2020 of the market value of the 100% equity interest in Well Surplus Enterprises Limited.

Moore Transaction Services Limited
812 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

8 March 2021

The Directors
Bisu Technology Group International Limited
Room 1001, 10/F
Wing On Centre
111 Connaught Road Central
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest in Well Surplus Enterprises Limited

1. EXECUTIVE SUMMARY

1.1. Introduction

We have been engaged by Management to provide our opinions on the market value of Well Surplus as at 30 November 2020 for the Company's disposal reference purposes.

Per Management, the Company is contemplating to dispose its 100% equity interests in Well Surplus to an independent third-party.

1.2. Scope of Valuation

Our scope of services covered the Valuation of the market value of Well Surplus as at the Valuation Date.

Our valuation work was high-level and desktop-based and primarily based on the information provided by Management which is assumed to be true, faithful and complete.

1.3. Purpose of Valuation

The purpose of our Valuation is for your disposal reference purpose only.

The Valuation and this report are not prepared for the use of any other purposes such as but not limited to accounting and/or fundraising.

1.4. Date of Valuation

The Valuation Date is 30 November 2020.

1.5. Scope of Work

As part of our tasks of completing the Valuation, we have carried out the followings:

- Discussion with Management in relation to the future development, operations and other relevant information of Well Surplus;
- Review of relevant information and other relevant data concerning Well Surplus provided to us by Management;
- Performing market research and relevant statistical figures from public sources in relation to the valuation of Well Surplus; and
- Preparation of a valuation model to derive the value of Well Surplus and this Valuation Report.

On the other hand, our scope of work did not cover the followings:

- Comment on the accounting treatment of any assets/liabilities being valued/reviewed, wherever and whenever relevant;
- Express opinions on how closely the future financial and operational performance of Well Surplus match with Management's expectation if any;
- Valuation of any specific intangible assets such as agreements, licenses, know-how, distribution channel, customer relationship, contracts, patents, etc.;
- Assessments of and comment on the operational, legal, regulatory, country and other risks that are associated with the existing and future operations of Well Surplus;
- Performance of any identifications or valuations on any off-balance sheets assets/liabilities of Well Surplus nor factor them in the Valuation;

- Performance of any legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work which should be carried out by the relevant experts to be appointed by the Company, if necessary;

- Provision or review of, without limitation, professional advices other than valuation advices, such as advices on legal, regulatory, accounting or taxation matters;

- Visits to any locations of the Company or Well Surplus and inspections of any their assets and operations; and

- Valuation of any specific assets/liabilities or classes of assets/liabilities of Well Surplus, including but not limited to properties, plant & equipment, receivables & account payables, intangible assets such as contracts or patents etc.

1.6. COVID-19 and Its Impacts

On 31 December 2019, Wuhan Municipal Health Commission, PRC, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified.

The first recorded Novel Coronavirus (COVID-19) case outside of PRC was confirmed in Thailand on 13 January 2020. Later on 22 January 2020, WHO mission to PRC issued a statement saying that there was evidence of human-to-human transmission in Wuhan but more investigation was needed to understand the full extent of transmission.

On 30 January 2020, the Emergency Committee reached consensus and advised the Director-General that the outbreak constituted a Public Health Emergency of International Concern (PHEIC).

Deeply concerned both by the alarming levels of spread and severity, and by the alarming levels of inaction, WHO made the assessment that COVID-19 can be characterized as a pandemic on 11 March 2020.

The global pandemic of the COVID-19 has impacted global financial markets. Travel restrictions have been implemented by many countries.

On the Valuation Date, i.e. 30 November 2020, we have assumed the development and impact of COVID-19 have already been reflected in relevant market data and Management's assumptions. However, due to the rarity and the unpredictability nature of COVID-19, its actual impact on the market and this valuation may differ from the market, management and our expectations.

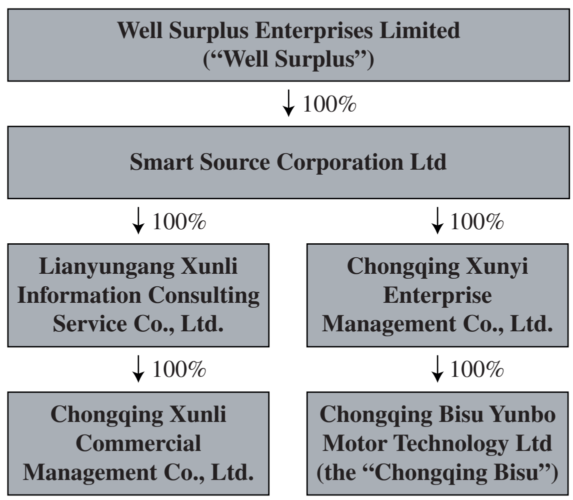
The values reported herein might have changed materially over time and the assumptions adopted in the Valuation may become invalid. However, this is outside our scope of work to report any updated values, if any.

Given the unknown future impact that COVID-19 might have on the market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep this Valuation under frequent review.

2. BACKGROUND OF THE WELL SURPLUS

Well Surplus

As of the Valuation Date, the corporate structure of Well Surplus is illustrated below:



Source: Management

Well Surplus was incorporated in BVI on 22 September 2015 with limited liability. It is principally engaged in investment holding. As of the Valuation Date, Well Surplus had five wholly-owned Subsidiaries. All Subsidiaries, except Chongqing Bisu, have limited business operations.

Per Management, as of the Valuation Date, Well Surplus reported a negative net asset value and negative working capital. It only maintained minimal operations and may cease operations in the future.

Chongqing Bisu

Established in 2015, Chongqing Bisu is principally engaged in the development, production and sale of automotive engines. Its production plants are primarily located in the Hechuan Industrial Park in Chongqing, PRC, which possess the capacity to develop, test, and assemble automobiles and engines as well as the capacity to process other core engine parts. The automotive engines developed by Chongqing Bisu target at low and mid-grade compact cars, SUVs, and other passenger vehicles.

On 4 February 2016, the Company acquired the entire equity interest in Chongqing Bisu through the acquisition of Well Surplus. As of the Valuation Date, Chongqing Bisu remains a wholly-owned subsidiary of the Company.

During historical periods, most of Chongqing Bisu's revenue came from three Major Customers, namely BAIC, BISU and Huansu, none of which is a subsidiary of the Company and BISU is an Independent Third Party. In FY18A, the reduction of excess production capacity and the de-leveraging policy in PRC which results in bank reducing or withdrawing credit facilities, which halted the capital chain and severely affected the Major Customers' operations.

The Major Customers had planned to resume full operations in FY19A, upon the completion of their respective financial restructuring plans. However, up to the Valuation Date, BISU and Huansu had made limited relevant progress amid the coronavirus outbreak.

For BAIC, the negotiations of the resumption arrangement were still ongoing as of the Valuation Date, where the schedule for full operation resumption was expected by Management to delay to the beginning of FY21P with great uncertainties.

Per Management, a new engine production line may be injected into BAIC following its business restructuring and such injection will materially reduce its orders placed with Chongqing Bisu in the future.

On the other hand, the other Major Customers are on the edge of bankruptcy according to Management.

2.3. Historical Financial Review of Well Surplus

Well Surplus's key consolidated income statement and balance sheet items during historical periods are shown in the following table:

Financials (HKD'000)	**FY18A**	**FY19A**	**FY20U (Jan-Nov)**
Revenue	276,514	81,293	3,036
Gross Profit/(Loss)	26,085	(31,130)	(33)
Net Loss	(135,926)	(393,336)	(173,627)
Net Assets/Liabilities	282,399	(111,374)	(296,763)

Source: Management

Per Management, Chongqing Bisu contributed a majority of the revenue and expenses during the historical periods. As the Major Customers experienced capital difficulties due to the country's de-leveraging policy, Well Surplus's revenue plummeted more, from HKD276.51M in FY18A to HKD3.04M in FY20U. Both gross profit margin and net profit margin were negative in FY19A and FY20U.

As of the Valuation Date, Well Surplus reported net liabilities of approximately HKD296.76M. Accounts and bills receivables represent the largest assets on its balance sheet, representing about 79.45% of its total assets. The major liabilities held by Well Surplus were accounts payable, representing about 80.14% of total liabilities. Well Surplus did not have any bank borrowings as of the Valuation Date.

2.4. Major Risk Factors

Based on our discussion with Management, Well Surplus faces a number of potential risk factors, which include but not limited to the following major ones:

- Economic Risk: PRC government is currently facing a number of challenges and issues in various areas, such as trade conflicts with the U.S. and the currency instability of RMB;

- Government Policy Risk: The reduction in a purchase tax cut of small engine vehicles in recent years may reduce consumers' purchase intentions of such automobiles;

- Customer Concentration Risk: A substantial amount of revenue of Well Surplus comes from a handful of large customers;

- Uncertainty of the operation resumption of the Major Customers: If there are discrepancies between the scheduled and actual date of operation resumption, the revenue of Well Surplus will be materially affected; and

- COVID-19: The coronavirus outbreak may cause long-lasting effects to PRC economy, which may have a negative impact to the business of Well Surplus.

Management is aware of the risk factors above mentioned and will closely monitor the macroeconomic environment and the operation resumption schedule of the Major Customers.

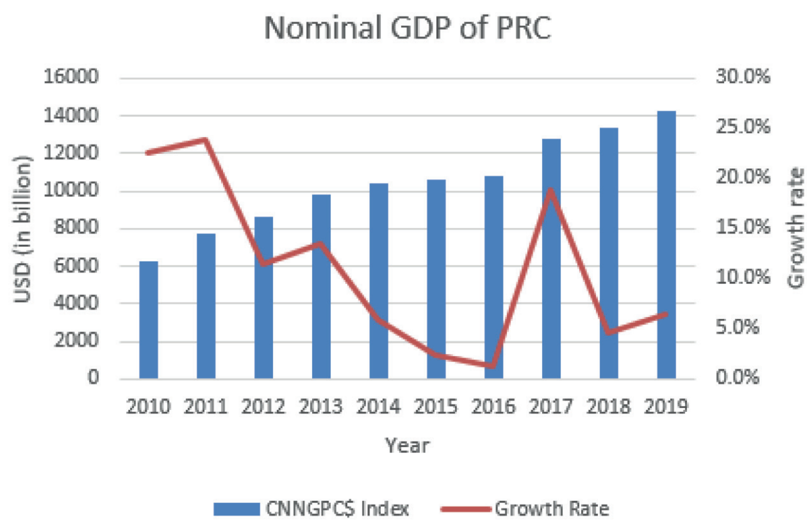
3. INDUSTRY OVERVIEW

3.1. PRC Economy

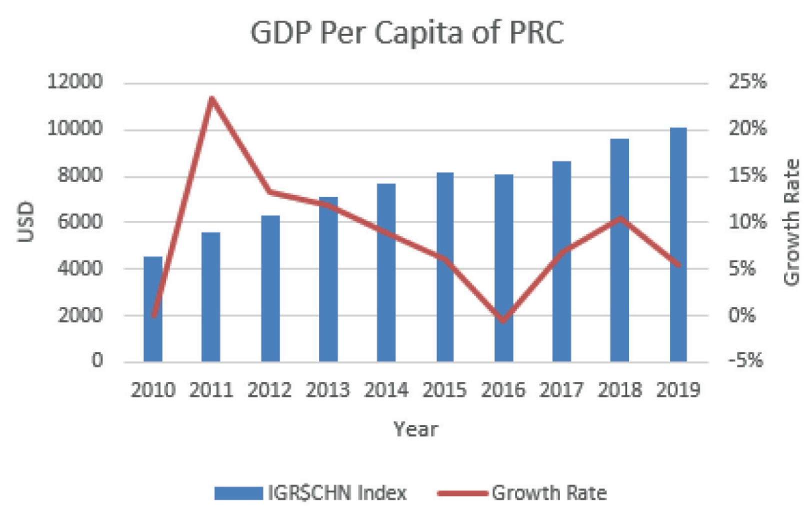
Since the economic reform of incorporating capitalism within a command economy in the late 20th century, PRC experienced rapid economic growth and is currently the world's second-largest economy.

According to Bloomberg, PRC's nominal GDP increased from RMB6.06 trillion in 2010 to USD14.15 trillion in 2019, representing a CAGR of approximately 10.24%. Meanwhile, PRC's GDP per capita also grew steadily from USD4,524 in 2010 to USD10,098 in 2019, representing a CAGR of approximately 9.33%.

The historical trends of nominal GDP and GDP per capita are shown below:



Source: Bloomberg, Moore's Analysis



Source: Bloomberg, Moore's Analysis

Ever since the PRC government allowed foreign direct investments within its border, many foreign firms entered the PRC market. Over the past few decades, they set up numerous factories and employed a significant amount of domestic workers in PRC. Currently, PRC's foreign direct investment accounted for 1.4% of the country's nominal GDP and foreign companies are employing more than 25M people in PRC.

In recent years, the impact of the demographic shift is becoming more and more evident. The labour supply is expected to shrink from 911M in 2015 to 782M in 2030. As a result, potential economic growth of PRC is decelerating steadily from the peak and such trend is expected to continue in the near future.

On the other hand, PRC is the world's largest exporter and the second-largest importer of goods. However, in 2018, U.S. had imposed sweeping tariffs on PRC for its alleged unfair trade practices. In response, PRC has set tariffs on selective U.S. goods, and is threatening to restrict the operations of U.S. businesses in PRC. As a result, both economies are expected to suffer from the impacts.

In 2020 Q1, because of the widespread pandemic, PRC's GDP contracted by 6.8% in comparison to a year ago, before a rebound in the next quarter at 3.2%. According to the forecast published by IMF in January 2021, PRC's economy is expected to grow 7.9% in 2021 as businesses will benefit from the full effect of pandemic relief policies.

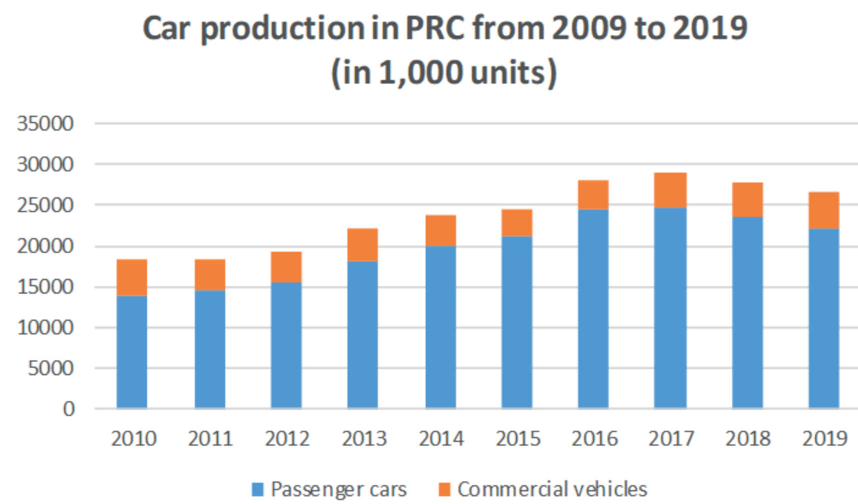
To combat the recent economic slowdown resulted from the pandemic and ongoing trade war, PRC government has adopted economic reforms and made massive amounts of capital expenditures on infrastructures. According to Bloomberg, government expenditure increased from approximately RMB22.1 trillion in 2018 to RMB23.5 trillion in 2019.

3.2. The Automotive Industry

PRC automotive industry can be represented by the 'Big Four' state-owned domestic car manufacturers, which consists of Shanghai General Motors, FAW Group Corporation, Dongfeng Motor Corporation, and Changan Automobile Group. Many big players have been operating under foreign joint ventures with international automakers such as BMW, Ford and Suzuki, following the regulatory requirements in PRC.

In 2019, PRC automotive industry shifted from rapid expansion to slower growth, as the PRC-US trade dispute affected market sentiments that resulted in uncertainties for the industry. During this year, the sales volume of automobiles in PRC was approximately 26 million units, decreased by 8.20% YOY. At the same time, new energy vehicles continued to maintain rapid growth and led the market.

The historical trend of car production in PRC is shown in the following chart:



Source: Statista, Moore's analysis

In the next several years from 2020, PRC automotive market is expected to experience fundamental transformations, with automakers focusing more on technology, data and customer experience. Both auto giants and smaller players plan to invest heavily on connected and autonomous driving vehicles.

Government incentives are playing crucial roles in the development of the new energy and smart vehicle industry. In order to push for higher value-added advanced manufacturing, PRC government has launched "Made in China 2025", which set a sales target to rise to 20% of domestically produced pure electric and plug-in hybrid cars by 2025, compared to only 5% in 2020.

Environmental regulations on pollution and carbon emissions are also shaping the future of the vehicle industry. The government has provided incentives such as subsidies and tax credits to domestic new energy vehicle manufacturers, in order to boost the domestic new energy vehicle sales. As a result, the national production of new energy vehicles increased from 0.79M units in 2017 to 1.24M units in 2019.

However, as the technology of electric vehicles needs to be further improved, and the related systems and infrastructures are far from being well-developed, it is widely believed that electric vehicles do not have the ability and capacity to fully replace traditional vehicles in the near future.

4. BASIS AND METHODOLOGY

4.1. Basis of Valuation

In valuing Well Surplus, we have prepared our Valuation on the basis of "market value" as defined in International Valuation Standards 2020, i.e. "*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion*".

4.2. Valuation Standards

Our Valuation has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

4.3. Sources of Information

The primary sources of information that we have relied on in the preparation of this report, include:

- Consolidated income statements and balance sheets of Well Surplus for FY18A and FY19A and management accounts of Well Surplus for FY20U (Jan to Nov);

- Discussions with Management regarding the background and other relevant information of Well Surplus; and

- Bloomberg database and other reliable sources of market data.

We have not attempted to verify any of the information provided to us or contained in this report. We also have no reasons to believe that any material fact has been withheld from us. Moreover, we do not warrant our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We hereby reserve our rights to revise this Valuation Report, if required and appropriate, should there be any updated information or otherwise made available to us that we consider to be relevant to the Valuation.

4.4. Limiting Conditions and Assumptions

Our Valuation has been primarily based on the information provided by Management and a number of limiting conditions and assumptions, as set out in section 7.1. Limiting Conditions and 7.2. Assumptions. In the event any of the information, figures or accounts we have relied upon have been misstated or actual events do not accord with one or more of the assumptions, the resulting valuation of Well Surplus may vary substantially from the figures as set out in this report.

You are recommended not to rely on the Valuation unless you have read carefully and fully understood the limiting conditions and assumptions.

4.5. Valuation Approach

4.5.1. Generally Accepted Approaches

We have considered three generally accepted approaches, including the Income Approach, the Market Approach and the Cost Approach in the Valuation:

- 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 and tax proceeds from its disposition;

- Market Approach: The Market Approach is a valuation technique based on the principle of substitution. For the valuation of a company, public companies in the same general industry as the subject company are selected to provide valuation guidelines, i.e. valuation multiples for such guideline companies then are determined and analysed;

  On the other hand, valuation multiples implied from merger and acquisition transactions of private companies may also be considered; and

- Cost Approach: The Cost approach provides an indication of value based on the principle that the assets and liabilities as a whole represents the value of a company. The assumption is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a company and equals to the value of its invested capital.

Please note these three valuation approaches are fundamentally different and may generate substantially different valuation results.

4.5.2. Selected Approach

As Well Surplus only maintained minimal operations and may cease operations in the future, Management expected Well Surplus would have limited development potential in the future. Hence, the Income Approach and the Market Approach have not been adopted.

In the Valuation, we have therefore adopted the Cost Approach, as this approach can provide an indication of equity value from a liquidation view, based on the principle that the assets and liabilities as a whole represent the value of Well Surplus.

Under the Cost Approach, the summation method, also referred to as the underlying asset method, was adopted. According to the International Valuation Standards, the summation method is "*a method that calculates the value of an asset by the addition of the separate values of its component parts*".

In this case, the fair values of each balance sheet item would be measured individually and the details are discussed in the section 4.6 below.

The assumption is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a company and equals to the value of its invested capital.

4.6. Valuation Parameters

In applying the Cost Approach, we have primarily based on the consolidated management accounts of Well Surplus provided by Management. Per Management, most consolidation adjustments are related to eliminating inter-company balances and parent's investment in subsidiaries. Management has confirmed to us there were no off-balance sheet assets and liabilities as of the Valuation Date.

We do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability on the adjustments performed.

The items of Well Surplus's balance sheet are discussed below:

4.6.1. Inventories

The inventories included in production material and unsold products for Chongqing Bisu's business. The book value of the inventories was assumed to be the fair value as of the Valuation Date.

4.6.2. Accounts receivable

As of the Valuation Date, accounts receivable represented roughly 79.45% of the assets and liabilities on Well Surplus's balance sheet. They are part of the working capital required for regular conduct of operations of Chongqing Bisu.

As advised by Management, the accounts receivable has been subject to ECL adjustments in accordance with the requirements of HKFRS 9 semi-annually. Such adjustments were disclosed in all previous interim and annual reports of the Company.

The accounts receivable balance of HKD39.96M as of the Valuation Date was adopted by us after the ECL adjustments performed by Management on the same date.

4.6.3. Property, plant and equipment ("PPE")

The PPE held by Well Surplus refers to the physical or tangible long-term assets required in the regular conduct of operations of Chongqing Bisu.

Per Management, as a result of the decline in operations of Chongqing Bisu, the PPE had been fully impaired in the half-year period ended 30 June 2020 and was disclosed in the corresponding interim report of the Company.

4.6.4. Cash and cash equivalents

As of the Valuation Date, the cash and cash equivalents were assumed to be stated as their fair values on the balance sheet.

4.6.5. Deferred tax liabilities

Per Management, the deferred tax liabilities were stated as their fair values on the balance sheet.

4.6.6. Accounts payable

As of the Valuation Date, accounts payable represented roughly 80.14% of liabilities on Well Surplus's balance sheet. They are part of the working capital required for regular conduct of operations of Chongqing Bisu.

For accounts payable, Management is dedicated to fulfil the obligations of the contract entered into with the suppliers.

4.6.7. Tax payable

Per Management, the tax payable was stated as their fair values on the balance sheet.

4.6.8. Other payables and accruals

Per Management, the other payables and accruals were stated as fair value on the balance sheet.

4.6.9. Amount due to the Company

Per Management, the amount due to the Company was stated as fair value on the balance sheet.

4.6.10.Amount due to Future Marvel Limited

Per Management, "Amount due to Future Marvel" is the amount owed by Well Surplus to its shareholder, Future Marvel Limited, from previous acquisitions. As of the Valuation Date, it represented roughly 14.33% of liabilities on Well Surplus's balance sheet.

As confirmed by Management, such balance has been stated as fair value.

Management is dedicated to fulfil the obligations of all the liabilities stated above.

As of the Valuation Date, Well Surplus does not have any off-balance sheet intangible assets such as agreements, licenses, know-how, distribution channel, customer relationship, contracts, patents, etc., as confirmed by Management.

Per Management, Well Surplus has negotiated with the corresponding creditors associated with the liabilities for the possibility of debt restructuring, but no material progress has been made as of the Valuation Date.

4.7. Valuation Results

Under the summation method, a breakdown of the Valuation results is shown below:

Result	**Fair Value – HKD**
Non-current assets	–
Current assets	
Inventories	7,070,000
Accounts receivables	39,959,000
Prepayments, deposits and other receivables	1,685,000
Cash and cash equivalents	1,582,000
Total current assets	50,296,000
Total assets	50,296,000
Non-current liabilities	
Deferred tax liabilities	(13,349,000)
Current liabilities	
Accounts payable	(278,150,000)
Tax payable	(95,000)
Other payables and accruals	(5,732,000)
Amount due to the Company	(37,000)
Amount due to Future Marvel Limited	(49,696,000)
Total current liabilities	(333,710,000)
Total liabilities	(347,059,000)
Net assets (liabilities)	(296,763,000)

Source: Moore's analysis

5. OPINIONS OF VALUE

Based on our analysis above, our opinion on the market value of Well Surplus Enterprises Limited (i.e. Well Surplus) as of 30 November 2020 (i.e. the Valuation Date), was reasonably stated as HKD0 **(HONG KONG DOLLAR NIL ONLY)**.

REMARKS

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it will appear.

Finally, and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

We hereby certify that we neither have any present nor any prospective interest in the Company, Well Surplus, Chongqing Bisu and its subsidiaries and associated companies, or the value reported herein.

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

Yours faithfully,
For and on behalf of
Moore Transaction Services Limited
Kenneth Ma
Director
MRICS CFA CAIA

Note: Mr. Kenneth Ma is a Registered Valuer member of the Royal Institute of Chartered Surveyors who has over 5 years' experience in valuations of properties and over 10 years' experience in business valuations in Hong Kong and the PRC.

6. GLOSSARY OF TERMS

Term	Meaning
Chongqing Bisu	Chongqing Bisu Yunbo Motor Technology Limited, ("重慶比速雲博動力科技有限公司"), a private company with limited liability incorporated in PRC
B	Billion
BAIC	北汽銀翔汽車有限公司 (translated as "BAIC Yinxiang Automobile Co., Ltd."), one of the Major Customers
BISU	重慶比速汽車有限公司 (translated as "Chongqing Bisu Automobile Co., Ltd."), one of the Major Customers
Bloomberg	The information and data provided by Bloomberg L.P., a commercial source of providing market and financial information and data
CAGR	Compound annual growth rate
Company, you, yours	Bisu Technology Group International Limited, a public company listed on the main board of the Hong Kong Stock Exchange with stock code: 1372.HK
CPI	Consumer Price Index
FYXXA	Audited financial statements for the year-ended 31 December 20XX
FYXXP	Projected financial statements for the year-ended 31 December 20XX
FYXXU	Unaudited financial statements for the year-ended 31 December 20XX
HKD	Hong Kong Dollar, the official currency of Hong Kong

HKFRS 9	Hong Kong Financial Reporting Standard 9 – Financial Instruments
Huansu	重慶幻速汽車配件有限公司 (translated as "Chongqing Huansu Auto Parts Co., Ltd."), one of the Major Customers
K, '000	Thousand
M, mil	Million
Major Customers	BAIC, BISU and Huansu, the major customers of Chongqing Bisu during historical periods
Management	Management of the Company, Well Surplus, Chongqing Bisu and/or their representatives
Moore, we, our, us	Moore Transaction Services Limited
PRC	The People's Republic of China
RMB	Renminbi, the official currency of PRC
Subsidiaries	The subsidiaries of Well Surplus Enterprises Limited, namely, • Chongqing Bisu ("Chongqing Bisu"); • Chongqing Xunyi Enterprise Management Co., Ltd.; • Lianyungang Xunli Information Consulting Service Co. Ltd.; • Chongqing Xunli Commercial Management Co. Ltd.; and • Smart Source Corporation Ltd.
T	Trillion
Valuation	A high-level and desktop-based valuation of the market value of Well Surplus as at the Valuation Date as presented in this Valuation Report

Valuation Date, Date of Valuation	30 November 2020
Valuation Report	This valuation report
Well Surplus	Well Surplus Enterprises Limited and its Subsidiaries, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
YOY	Year-over-year

7. APPENDICES

7.1. Limiting Conditions

The limiting conditions pertaining to the valuation conclusions stated in this Valuation Report are summarized below:

- To the best of our knowledge, all data and statements of facts set forth in this report, upon which the data, opinions, analysis, estimates and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in this Valuation Report or utilized in the formation of the value conclusions were obtained from sources considered reliable and believed to be true and correct.

  We have also considered published market data and other public information, where appropriate. Such information was obtained from sources such as Bloomberg, publicly available industry reports and websites.

  However, we did not independently verify the abovementioned information and no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and we reserve the right to alter the Valuation, if any inaccurate information may have been provided to us.

- We have relied on information and estimates provided by Management to a considerable extent in arriving at our opinion of value. This includes but not limited to the business affairs as well as the outlook for the business.

  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.

  The procedures and enquiries undertaken by us in preparing this report do not include any verification work of the information provided by Management, Well Surplus and their associates, 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.

- The Valuation was prepared solely for the purpose, function and party identified in this report. This report may not be reproduced, in whole or in part, and the findings of this Valuation Report may not be utilized by any third party for any purpose, with our express written consent. 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.

  Neither all nor any part of the contents of this Valuation Report shall be disseminated or referred to the public through advertising, public relations, news or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings, without the prior written consent and approval of and review by us.

- Good and marketable title to the business interests and assets being appraised is assumed. We are not qualified to render an "opinion of title," and no responsibility is assumed or accepted for matters of a legal nature affecting the business being appraised. We render no opinion as to ownership of the business or condition of its title.

- The Valuation reflects facts, conditions and expectations existing at the Valuation Date. We take no responsibilities for any events, conditions or circumstances affecting our opinion of value that take place subsequent to Valuation Date.

- The results of our work are dependent on the information of Well Surplus. 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 responsibilities for the achievement of predicted results.

- Our conclusion 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.

- For the information provided and the consolidation adjustments performed by Management, we did not perform any legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work. Such areas are not included in our scope of work, and should be carried out by the relevant experts to be appointed by the Company, if necessary.

- 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.

- In particular, there are huge uncertainties in relation to the future development and performance of Well Surplus. No one should solely rely on the Valuation for any investments or disposals they are going to make.

- The title of this report shall not pass to the Company until all professional fees have been paid in full.

7.2. Assumptions

In conducting our valuation work, the following assumptions have been adopted in order to sufficiently support our conclusion of value, including, but not limited to:

- The principal businesses of Well Surplus will not change significantly in the foreseeable future.

- There will be no major change in the political, legal, fiscal, technological, economic and market conditions in the localities in which Well Surplus operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Well Surplus.

- There will be no major change in the current taxation laws in the localities in which Well Surplus 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 material change in the relevant market return, market risk, interest rates and exchange rates that would impact Well Surplus's business operation.

- The market data, industrial information and statistical figures obtained from Bloomberg and other publicly available sources are true and accurate.

- Well Surplus 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 Well Surplus operates or intends to operate would be officially obtained and renewable upon expiry.

- The information and estimates provided and the representations made by Management regarding Well Surplus's financial and business affairs are accurate and reliable.

- There are neither undisclosed assets/liabilities or unusual obligations/substantial commitments, other than normal business courses as reflected in financial statements of Well Surplus, nor any litigation issues pending or threatened as of the Valuation Date, would have significant impact on the values of Well Surplus.

- Management has sufficient knowledge and experience in respect of the operation of Well Surplus, and the turnover of any director, management or key person will not affect the operation of Well Surplus.

- Management of Well Surplus has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of Well Surplus.

- Management of Well Surplus has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of Well Surplus.

- The intellectual property of Well Surplus will not be infringed upon in a manner which would materially affect the economic benefits attributable to Well Surplus.

- The Valuation is heavily dependent on the financial information of Well Surplus provided by Management to us. In any occasions that the values were misstated, the adjustments on the income statements and/or balance sheets were unfairly and/or unreasonable performed by Management and/or its auditor or any off balance sheet assets or liabilities items of Well Surplus were neglected, the value stated here may vary materially from what stated in this report.

- We assume you will appoint relevant experts to perform appropriate legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work, which is outside our scope of work.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are disclosed in the annual reports of the Company for the three years ended 31 December 2017, 2018 and 2019 and the interim report for the six months ended 30 June 2020, respectively. The said annual reports and the interim report of the Company have been published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.bisu-tech.com) respectively:

(i) annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages 90 to 203) is available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427558.pdf

(ii) annual report of the Company for the year ended 31 December 2018 published on 26 April 2019 (pages 105 to 231) is available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426649.pdf

(iii) annual report of the Company for the year ended 31 December 2019 published on 15 May 2020 (pages 114 to 235) is available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0515/2020051500426.pdf

(iv) interim report of the Company for the six month ended 30 June 2020 published on 27 August 2020 (pages 2 to 43) is available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0827/2020082700392.pdf

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 December 2020 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had the following outstanding indebtedness:

(i) Interest-bearing bank facilities and other borrowings

As at 31 December 2020, interest-bearing bank facilities and other borrowings of the Group consisted of other loans from independent third parties of approximately HK$44.0 million with the contractual interest rates of 5.0% to 12.0% per annum and repayable within 1 to 3 year.

The Group had banking facilities of approximately HK$45.0 million, of which, approximately HK$26.4 million was not utilised and was secured by corporate guarantees of the Group.

(ii) Amounts due to a shareholder

As at 31 December 2020, the Group held other borrowings of approximately HK$49.6 million which is owed to a controlling Shareholder, Mr. Jiang Jianhui. The amount was unsecured, interest-free and repayable within three years.

(iii) Convertible Bonds and Promissory Notes

As at 31 December 2020, the Group held (i) Convertible Bonds of an aggregate principal amount of approximately HK$390.0 million; (ii) Promissory Notes of an aggregate principal amount of approximately HK410.0 million; and (iii) interest payable of approximately HK$167.6 million which are owed to the holders. The amount mentioned in (iii) was unsecured and unguaranteed.

As at 31 December 2020, the Convertible Bonds had a carrying amount of approximately HK$498.2 million in which approximately HK$384.0 million was recognised as equity and approximately HK$114.2 million was recognised as non-current liabilities.

As at 31 December 2020, the Promissory Notes had a carrying amount of approximately HK$274.6 million was recognised as non-current liabilities.

Lease liabilities

As at 31 December 2020, the Group had current and non-current lease liabilities of approximately HK$1.4 million and HK$0.7 million respectively.

Contingent liabilities

On 31 December 2020, the Group had the following contingent liabilities:

(a) The guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to approximately HK$18.6 million.

(b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 December 2020, the Group did not have any other debt securities issued and outstanding, term loans, bank loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding.

3. WORKING CAPITAL OF THE GROUP

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Disposal and the present internal financial resources available to the Group including internally generated cash flows and existing banking and credit facilities available, have sufficient working capital for its present requirements in the next 12 months from the date of this circular in the absence of unforeseen material circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position or prospect of the Group since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in civil engineering works and building construction and maintenance works and development, production and sale of automotive engines. As stated in the paragraph headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in the letter from the Board, the financial position of the Group will be improved following completion of the Disposal, which is beneficial to the long-term development of the Group. Further, as the Group will cease to engage in the business of development, production and sale of automotive engines business following completion of the Disposal, more resource could be allocated to explore new business opportunities which could bring more value to the Shareholders and the Group as a whole.

During the current financial year, the Directors expect that with its cash flow and available credit facilities, the Group's financial position will remain stable. The Group will closely monitor the market situations and trends and will continue to strengthen its established markets. The Group will seek cooperation and development opportunities, including but not limited to local or overseas civil engineering and construction projects, with an aim of maximizing the investment returns for its Shareholders.

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 document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had registered an interest or a short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were 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 referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules. In addition, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying shares

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in the issued shares/underlying shares of the Company

Name of Shareholders	*Notes*	**Nature of interest**	**Number of ordinary shares/underlying shares held**	**Approximate percentage of issued share capital of the Company**
Mr. Jiang Jianhui	*(a)*	Interest in a controlled corporation	147,700,000	73.85%
Youth Force Asia Ltd	*(a)*	Beneficial owner	147,700,000	73.85%
Mr. Wang Hongzhang	*(b)*	Interest in a controlled corporation	195,000,000	97.50%
Everbright Fortune Company Limited	*(b)*	Beneficial owner	195,000,000	97.50%
Power Expert Global Limited	*(b)*	Beneficial owner	195,000,000	97.50%

Notes:

(a) Youth Force Asia Ltd is wholly-owned by Mr. Jiang Jianhui. As such, Mr. Jiang Jianhui is deemed to be interested in the 147,700,000 shares owned by Youth Force Asia Ltd by virtue of the SFO.

(b) On 12 October 2020, the Company received a duly-executed transfer notice from LE Group Holdings Pte Ltd to transfer all convertible bonds, in the principal amount of HK$390,000,000 issued by the Company, to Power Expert. Power Expert is wholly-owned by Mr. Wang Hongzhang. As such, Mr. Wang Hongzhang is deemed to be interested in the 195,000,000 underlying shares through its interests in the convertible bonds, in the principal amount of HK$390,000,000 issued by the Company, owned by Power Expert by virtue of the SFO.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at the Latest Practicable Date.

3. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or is not determinable by the Group within one year without payment of any compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS OR ARRANGEMENTS

As the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which has been entered into by the Company or any member of the Group that is subsisting at the date of this circular and is significant in relation to the business of the Group.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any proposed director nor their respective close associates had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business.

6. LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against any member of the Group which were known to the Directors.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the date of this circular which are or maybe material:

(a) the sale and purchase agreement dated 15 April 2019 entered into between Global Harvest as purchaser, and Mr. Jiang Jianhui (a controlling Shareholder) as vendor in relation to the acquisition of the entire interest in Links Wonder Investment Holdings Limited ("**Links Wonder**");

(b) the memorandum of understanding dated 22 April 2019 entered into between Global Harvest and Mr. Jiang Jianhui (a controlling Shareholder) in relation to the collaboration on the development of industrial hemp planting;

(c) the sale and purchase agreement dated 6 May 2019 entered into between Xingyu Keji (Shenzhen) Company Limited* (興御科技(深圳)有限公司) ("**Xingyu Keji**") (an indirect wholly owned subsidiary of the Company) as purchaser and Mr. Jiang Jianhui (a controlling Shareholder) as vendor in relation to the acquisition of 60% equity interest in Qiubei Woma Agricultural Development Company Limited* (丘北沃麻農業開發有限公司), at the consideration of RMB600,000;

(d) the sale and purchase agreement dated 27 June 2019 entered into between Global Harvest as vendor, and Ms. Sun Jing (an Independent Third Party) as purchaser, in relation to the disposal of entire interests in Links Wonder, which then indirectly held (i) 70% equity interest in Yunnan Tairui Biotechnology Company Limited* (雲南太瑞生物科技有限公司); and (ii) the entire equity interest in Xingyu Keiji;

(e) the amendment agreement dated 8 November 2019 entered into between the Company and Power Expert in relation to certain amendments to the terms of the Convertible Bonds and Promissory Notes; and

(f) the S&P Agreement.

8. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Moore Transaction Services Limited	Independent valuer

Moore has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

As at the Latest Practicable Date, Moore does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

As at the Latest Practicable Date, Moore does not have any direct or indirect interest in any asset which has been acquired, or disposed of by, or leased to, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2019, the date to which the latest published audited financial statement of the Group were made up.

9. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive PO 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 1001, 10/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

(c) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The company secretary of the Company is Mr. Zhou Danqing ("**Mr. Zhou**"), who is a member of both of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Zhou is also a Chartered Financial Analyst and a Financial Risk Manager charter-holder.

(f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies are available for inspection at our head office and principal place of business in Hong Kong at Room 1001, 10/F., Wing On Centre 111 Connaught Road Central, Hong Kong during normal business hours for 14 days from the date of this circular:

(a) the memorandum of association and the bye-laws of the Company;

(b) written resolutions of the Shareholder for approving the Disposal;

(c) the business valuation report, the text of which is set out on pages I-1 to I-21 of this circular;

(d) the annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019;

(e) the interim report of the Company for the six months ended 30 June 2020;

(f) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this appendix;

(g) the letters of consents issued by the expert referred to in the section headed "QUALIFICATION AND CONSENT OF EXPERT" in this appendix; and

(h) this circular.

* *For identification purpose only*