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Great Wall Belt & Road Holdings Limited
長城一帶一路控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 524)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY**

THE SALES AND PURCHASE AGREEMENT

The Board announces that on 13 May 2020, the Company as vendor, and the Purchaser entered into the Sales and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Interest at a consideration of RMB50,000,000.

The Sale Interest represents the entire issued share capital of the Target Company, which in turn holds 25% of the equity interest in the Project Company. The Project Company is an associate company of the Group and the financial results of which have not been consolidated in the results of the Group and have been accounted for using the equity method. Immediately after the Disposal, the Group will cease to hold any interest in the Target Company and the Project Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% and all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be held and convened for the purpose of considering and, if thought fit, approving the Sales and Purchase Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Sales and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution to approve the Sales and Purchase Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the Sales and Purchase Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 3 June 2020.

Completion is subject to fulfilment of the conditions precedent as set out in the section headed "Conditions precedent" below of this announcement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

Reference is made to the announcement of the Company dated 31 March 2020. On 31 March 2020, the Company and the Purchaser entered into a non-legally binding memorandum of understanding in relation to the proposed disposal of the Target Company.

The Board announces that on 13 May 2020, the Company as vendor, and the Purchaser entered into the Sales and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Interest at a consideration of RMB50,000,000.

THE SALES AND PURCHASE AGREEMENT

The terms and conditions of the Sales and Purchase Agreement are summarised below:

Date

13 May 2020

Parties:

Vendor: The Company

Purchaser: Shaanxi China Investment Asset Management Company Limited* (陝西中投資產管理有限公司)

The Sale Interest

The Sale Interest represents the entire issued share capital of the Target Company.

Consideration and payment terms

The consideration for the Disposal is RMB50,000,000. The consideration shall be satisfied by the Purchaser in cash in the following manner:

- (i) a sum of RMB2,500,000 (the “**Refundable Deposit**”) shall be payable by the Purchaser to the Company before 15 May 2020; and
- (ii) the balance of the consideration (being RMB47,500,000) shall be payable by the Purchaser to the Company on the date of Completion.

The consideration for the Disposal was determined after arm’s length negotiation between the Company and the Purchaser, having considered the following factors:

- (i) the Target Company has not commenced business operation and is an investment holding company solely for the purpose of holding the equity interest in the Project Company;
- (ii) the consideration, being RMB50,000,000, represents the initial investment contributed by the Company to the Project Company (details of which are set out in the section headed “Information of the Target Company” below); and
- (iii) the net asset value of the Project Company (after taking into consideration the capital contribution to be made by a major shareholder of the Project Company) as at 30 April 2020 was approximately RMB199,967,000. The amount of net asset value of the Project Company attributable to the Sale Interest held by the Target Company was approximately RMB49,992,000.

Having considered the abovementioned factors, the Board considered that the consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review in respect of the assets, liabilities, operation and affairs of the Target Company and the Project Company;
- (ii) the approval by the Shareholders on the Sales and Purchase Agreement and the transactions contemplated thereunder being obtained at the SGM;
- (iii) the Company having obtained all the necessary consents and approvals in respect of the disposal of the Sale Interest;
- (iv) the Purchaser having obtained all the necessary consents and approvals in respect of the acquisition of the Sale Interest;
- (v) no events having occurred which constitute or may constitute a breach of any representations made by the Company; and
- (vi) no events having occurred which constitute or may constitute a breach of any representations made by the Purchaser.

The Company and the Purchaser shall make their best endeavours to procure the fulfilment of the above conditions precedent. The Company shall have the right to waive the condition precedent no. (vi), while the Purchaser shall have the right to waive the conditions precedent nos. (i) and (v) above. Conditions precedent nos. (ii), (iii) and (iv) cannot be waived.

If any of the conditions set out above is not fulfilled or, as the case may be, waived by the relevant party on or before 30 November 2020 (or such later date as the Company and the Purchaser may agree in writing), then the Sales and Purchase Agreement shall cease and determine and neither party shall have any liability or obligations under the Sales and Purchase Agreement against the other save in respect of any antecedent breach.

Completion

Completion shall take place within 60 days (or such later date as the Company and the Purchaser may agree in writing) after the fulfilment or waiver (as the case may be) of the above conditions precedent.

If Completion does not take place due to the default of the Purchaser, the Company shall be entitled to forfeit the Refundable Deposit, after which the Company shall not have any claims against the Purchaser for compensation or mandatory enforcement of the agreement.

If Completion does not take place due to the default of the Company, the Company shall return the Refundable Deposit (without interest) to the Purchaser, after which the Purchaser shall not have any claims against the Company for compensation or mandatory enforcement of the agreement.

If Completion does not take place due to reasons other than the default of the Company or the Purchaser, the Company shall return the Refundable Deposit (without interest) to the Purchaser. The Company and the Purchaser shall not have any claims against each other for compensation or mandatory enforcement of the agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. The Target Company is an investment holding company and is incorporated solely for the purpose of holding the Sale Interest.

As at the date of this announcement, the Target Company holds 25% equity interest of the Project Company. The Project Company was established in the PRC on 1 February 2018 between the Target Company and Great Wall Film & Culture Company Group Limited* (長城影視文化企業集團有限公司) (“**Great Wall Film**”). The business scope of the Project Company includes, among others, the development and management of tourism projects, development, investment and advisory on real estate projects and sales of tourism products. For details on the Project Company, please refer to the circular of the Company dated 8 December 2017.

As at the date of this announcement, the equity interest of the Project Company is owned as to 25% and 75% by the Target Company and Great Wall Film respectively. The Target Company had contributed RMB50,000,000 to the Project Company pursuant to the joint venture agreement entered into between the Target Company and the Great Wall Film. For details of the Project Company, please refer to the circular of the Company dated 8 December 2017.

The Project Company is an associate company of the Group and its financial results have not been consolidated in the results of the Group and have been accounted for using the equity method. Immediately after the Disposal, the Group will cease to hold any interest in the Target Company and the Project Company.

Set out below is the financial information of the Target Company for the two years ended 31 December 2018 and 2019:

	For the year ended	
	31 December	
	2019	2018
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Revenue	–	–
Loss before taxation	1,022	5,215
Loss after taxation	1,022	5,215

The unaudited net liabilities of the Target Company as at 31 December 2019 was approximately HK\$6,236,000. The net liabilities of the Target Company mainly comprised the intra-group loan provided by the Company to the Target Company in February 2018 for the purpose of providing capital contribution to the Project Company pursuant to the joint venture agreement entered into between the Target Company and Great Wall Film. The repayment obligation of such loan has been waived by the Company as at the date of this announcement.

Set out below is the financial information of the Project Company for the two years ended 31 December 2018 and 2019:

	For the year ended	
	31 December	
	2019	2018
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Revenue	—	—
Profit before taxation	—	33
Profit after taxation	—	33

The unaudited net assets value of the Project Company (after taking into consideration the capital contribution to be made by a major shareholder of the Project Company) as at 31 December 2019 was approximately HK\$223,963,000.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holdings. The Group currently has a portfolio of business interests in the telecommunications, information technology, financial solution, software development and distribution sectors in Hong Kong, Singapore and the PRC.

INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. To the best knowledge, information and belief of the Directors, the Purchaser is principally engaged in asset management and consulting on corporate restructuring, acquisition, real estate investment.

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

REASONS FOR AND BENEFIT OF THE DISPOSAL

As disclosed in the circular of the Company dated 8 December 2017, the Project Company will be engaged in the development of the characteristic town in Wusu, Xinjiang Autonomous Region, the PRC (the “**Wusu Characteristic Town**”). The Project Company was informed by the Wusu government that as the pipeline works for the west-to-east natural gas transmission project (西氣東輸管線項目) will pass through the original project land of the Wusu Characteristic Town, the construction work for the Wusu Characteristic Town was suspended due to safety consideration. Although the Project Company is currently liaising with the Wusu government on the selection of a new construction land, there is uncertainty over the date for the re-commencement of development works for Wusu Characteristic Town, and the Company expects that the Wusu Characteristic Town project is unlikely to generate investment returns to the Group in the short term.

Given the delay in the development of Wusu Characteristic Town and the uncertainty over the investment return from such project, the Directors consider that the Disposal is a good opportunity to generate additional cash flow by disposing of the non-profitable project and reallocate its resources to support the Group’s existing businesses and/or explore new investment and business opportunity that may arise in the future. Therefore, the Directors consider that the terms of the Sales and Purchase Agreement are fair and reasonable and the proposed Disposal, if materialized, will be in the interest of the Company and the Shareholders as a whole.

No Director has a material interest in the Disposal and no Director was required to be abstained from voting on the board resolutions to approve the Disposal.

FINANCIAL EFFECT OF THE DISPOSAL

As at 31 December 2019, the unaudited carrying value of the Group’s investment in the Sale Interest was approximately HK\$55,998,000. For illustrative purpose, as a result of the disposal of the Sale Interest, it is estimated that the Company will realize an unaudited loss on disposal of the Sale Interest of approximately HK\$998,000, which will be credited to the profit and loss, being the difference of the cash proceeds from disposal of Sale Interest of approximately HK\$55,000,000 and the unaudited carrying value of Sale Interest of approximately HK\$55,998,000.

USE OF PROCEEDS

The net proceeds from the Disposal after deducting related expenses are estimated to be approximately HK\$54,500,000. The Group intends to apply the net proceeds as general working capital of the Group.

LISTING RULES IMPLICATIONS

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To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Sales and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution to approve the Sales and Purchase Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the Sales and Purchase Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 3 June 2020.

Completion is subject to fulfilment of the conditions precedent as set out in the section headed "Conditions precedent" above of this announcement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Great Wall Belt & Road Holdings Limited (長城一帶一路控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 524)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sales and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Sale Interest by the Company to the Purchaser pursuant to the terms of the Sales and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Project Company”	Wusu Silk Road Small Towns Cultural Tourism Company Limited* (烏蘇絲路小鎮文旅有限公司), a company established in the PRC with limited liability
“Purchaser”	Shaanxi China Investment Asset Management Company Limited* (陝西中投資產管理有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire issued share capital of the Target Company
“Sales and Purchase Agreement”	the conditional sales and purchase agreement dated 13 May 2020 entered into between the Company and the Purchaser in relation to the Disposal
“SGM”	a special general meeting of the Company to be held and convened to consider and, if thought fit, to approve by the Shareholders the Sales and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” B&R Investment Holding Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company before the completion of the Disposal

“%” per cent

By Order of the Board
Great Wall Belt & Road Holdings Limited
Zhao Ruiyong
Chairman and Executive Director

Hong Kong, 13 May 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Ruiyong, Ms. Li Bing, Mr. Cheung Ka Heng Frankie and Mr. Cheung Siu Fai, and five independent non-executive Directors, namely Mr. Zhao Guangming, Mr. Huang Tao, Mr. Fong Wai Ho, Mr. Leung Wai Kei and Mr. Lam Chik Shun Marcus.

* *for identification purpose only*