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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)

**FURTHER DEVELOPMENT IN RELATION TO
DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF ALL THE ISSUED SHARE OF
DIAMOND FRONTIER INVESTMENTS LIMITED**

Reference is made to the announcement of Great Wall Belt & Road Holdings Limited (the “**Company**”) dated 24 June 2016 (the “**Announcement**”) regarding the acquisition of the entire issued share capital of Diamond Frontier Investments Limited (the “**Target Company**”) by Stage Charm Limited (a wholly-owned subsidiary of the Company) (the “**Purchaser**”). Capitalised terms used herein have the same meanings as those defined in the Announcement unless defined otherwise.

As disclosed in the Announcement, the Consideration for the Acquisition amounted to RMB80,000,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a). HK\$57,000,000 shall be paid to the Vendor on the date of execution of the Sale and Purchase Agreement; and
- (b). subject to any claim for indemnification pursuant to the terms of the Sale and Purchase Agreement, the balance of the Consideration shall be paid to the Vendor on or before 30 December 2016.

As at the date of this announcement, the outstanding balance of the Consideration to be settled is approximately RMB31,578,000 (equivalent to approximately HK\$37,172,000) (the **“Remaining Balance of Consideration”**).

As the performance of Hangzhou Susong Technology Company Limited* (杭州蘇頌科技有限公司) (**“Hangzhou Susong”**) (a company held by the Target Company) was not satisfactory, the Purchaser and the Vendor had engaged in various negotiations from 2017 to 2018 to extend the payment date of the Remaining Balance of Consideration. The amount of the outstanding consideration had been disclosed in note 21 to the consolidated financial statements of the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019.

After the completion of acquisition of the Target Group, it has come to the knowledge of the Purchaser that at the time of entering of the Sale and Purchase Agreement, the Vendor had failed to disclose to the Purchaser the risk that the business of Hangzhou Susong may be adversely affected arising from the changes in the laws and regulations for the financial payment solutions activities. The change in government policy in 2017 had caused adverse impact on the financial payment solutions business of Hangzhou Susong, and resulted in the financial performance of Hangzhou Susong being lower than the original expectation for a consecutive period of three years after the completion of the acquisition. The Purchaser considered that the failure to disclose the Relevant Information constituted a breach of the representations, warranties and undertakings made by the Vendor to the Purchaser under the Sale and Purchase Agreement.

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall have the right to claim against the Vendor for loss and damages arising from any breach of representations, warranties and undertakings by issuing a claim notice to the Vendor. If the Vendor fails to respond to the claim notice by the Purchaser within 20 days from the date of issuance of the claim notice, the Vendor shall be deemed to have agreed with the claimed amount as stated in the claim notice.

On 8 May 2020, the Purchaser had issued a claim notice to the Vendor claim for losses in the sum of approximately RMB31,578,000 (equivalent to approximately HK\$37,172,000) suffered by the Purchaser for the failure of the Vendor to disclose the Relevant Information to the Purchaser at the time of entering of the Sale and Purchase Agreement, and the Purchaser requested the Vendor to set off such losses from the Remaining Balance of Consideration.

As the Purchaser has not received any response from the Vendor within 20 days after the issuance of the claim notice, pursuant to the terms of the Sale and Purchase Agreement, the Remaining Balance of Consideration had been utilized to offset the losses suffered by the Purchaser.

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

Hong Kong, 12 June 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*