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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 ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY
AND
CLARIFICATION ANNOUNCEMENT**

THE ACQUISITION

On 3 March 2021, the Company as purchaser and the Vendor as vendor entered into the Provisional Agreement pursuant to the which the Company has conditionally agreed to buy and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan for an aggregate consideration of HK\$51,750,000, subject to adjustments.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition exceeds 25% and all of the applicable percentage ratios are below 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the 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 Acquisition, thus no Shareholder is required to abstain from voting on the resolution if the Company were to convene an extraordinary general meeting to approve the Acquisition. As at the date of this announcement, the Company has obtained written Shareholders' approval for the Acquisition from Beta Dynamic Limited, the controlling shareholder of the Company which holds 556,762,589 Shares, representing approximately 53.01% of issued Shares in accordance with Rule 14.44 of the Listing Rules. Accordingly, the Acquisition has been approved by way of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, amongst other things, details of the Acquisition, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 24 March 2021. Given that additional time is required for the Company to conduct due diligence against the Target Company and to prepare the financial information of the Target Company to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched to the Shareholders on or before 31 May 2021.

THE ACQUISITION

On 3 March 2021, the Company as purchaser and the Vendor as vendor entered into the Provisional Agreement pursuant to the which the Company has conditionally agreed to buy and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan for an aggregate consideration of HK\$51,750,000.

Principal terms of the Provisional Agreement are summarised below:

Date: 3 March 2021

Parties: (i) the Company as purchaser; and
(ii) Ritzy Soar Limited as vendor

Based on the Company's enquiries, Ritzy Soar Limited is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company indirectly wholly-owned by Star Properties Group (Cayman Islands) Limited, a company whose shares are listed on the Stock Exchange (stock code: 1560). Based on the information disclosed on the "disclosure of interests" website of the Stock Exchange, approximately 68.69% voting rights of Star Properties Group (Cayman Islands) Limited is owned by Mr. Chan Man Fai Joe as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) each of the Vendor, Star Properties Group (Cayman Islands) Limited and Mr. Chan Man Fai Joe (i) is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and (ii) does not have any direct or indirect interest in any Shares; and (b) the Company is not aware of any Shareholder being also a shareholder of Star Properties Group (Cayman Islands) Limited.

Subject matter:

The Sale Shares represent the entire issued share capital of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the Company's consolidated financial statements.

The Sale Loan represents the loan due and payable by the Target Company to the Vendor and/or the Target Company's director(s)/associates (if any) as at the Completion Date. As at 31 December 2020, the debt owing by the Target Company to the Vendor and fellow subsidiary of the Target Company amounted to approximately HK\$1,167,500.

The Company and the Vendor may, on or before 25 May 2021, sign a formal sale and purchase agreement which is to incorporate the terms and conditions of the Provisional Agreement together with some other customary terms for transactions of this nature. If no such formal agreement is signed, the Provisional Agreement will remain valid and of full force and effect.

**Consideration and
payment terms:**

Consideration of HK\$51,750,000, subject to adjustments as set out in (d) below, is payable in cash in the following manner:

- (a) an initial deposit of HK\$2,587,500 (the “**Initial Deposit**”), representing 5% of the total Consideration, has been paid upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$2,587,500 (the “**Further Deposit**”), representing 5% of the total Consideration, will be paid on or before 17 March 2021; and
- (c) an additional deposit of HK\$2,587,500 (the “**Additional Deposit**”), representing 5% of the total Consideration, is to be paid if the Purchaser chooses to delay the Completion Date from 5 July 2021 to 3 September 2021;
- (d) balance of HK\$46,575,000 or (if the Additional Deposit has been paid) HK\$43,987,500 (the “**Balance**”), representing 90% or 85% of the total Consideration, will be paid on Completion.

As at the Completion Date,

(x) if the current assets of the Target Company exceed its current liabilities (excluding the Sale Loan and the amount outstanding under the existing mortgage), the Purchaser will pay the excess to the Vendor on Completion, or the Vendor will pay the deficiency to the Purchaser if the current assets of the Target Company is less than its current liabilities (excluding the Sale Loan and the amount outstanding under the existing mortgage);

(y) if the NTAV of the Target Company as at the Completion Date is more or less than zero, the Balance may be adjusted upwards or downwards (as the case may be) by:

- i. adding all current tangible assets of the Target Company as at the Completion Date, including rentals receivable, utilities and other miscellaneous deposits, prepaid rates and government rent and other expenses relating to the Property; and
- ii. deducting all liabilities of the Target Company (other than the Sale Loan) as at the Completion Date.

The Initial Deposit, the Further Deposit and (if applicable) the Additional Deposit will be held by the Vendor's solicitors as stakeholders who shall not release the same to the Vendor until the mortgage bank of the Property has confirmed discharge of the existing mortgage. If the Vendor fails to complete or procure the completion of the transactions contemplated under the Provisional Agreement after the Company's payment of the Initial Deposit, the Further Deposit and (if applicable) the Additional Deposit, the Company is entitled to seek specific performance of the Provisional Agreement and/or to obtain an injunction order to restrain the Target Company from alienation of the Property during the period pending adjudication of the court. If the Company fails to complete the transactions contemplated under the Provisional Agreement, the Vendor is entitled to terminate the Provisional Agreement and forfeit the Initial Deposit, the Further Deposit and (if applicable) the Additional Deposit absolutely as liquidated damages, and then sell the Sale Share and the Sale Loan to anyone at its absolute discretion provided that the Vendor will not take any further action to claim for damages or to enforce specific performance.

The Consideration was determined after arm's length negotiations between the Company and the Vendor. In agreeing to the Consideration, the Group took into account (a) the market value of the Property of HK\$52,000,000 as at 1 February 2021 based on a valuation report prepared by an independent professional valuer engaged by the Company; and (b) customary adjustments for transactions of this nature to take into account assets and liabilities of the Target Company other than the Property and the Sale Loan.

The Company intends to finance the Consideration mainly by proceeds of the proposed disposal which is the subject of the Company's circular dated 24 February 2021 and other borrowing.

Conditions precedent:

Completion is conditional upon fulfilment (or waiver by the Purchaser) of the following conditions:

- (a) the Vendor having provided to the Company for due diligence review on the financial and all legal aspects of the Target Company;
- (b) the Vendor having procured the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (c) unless prior written consent of the Company has been obtained (which consent should not be unreasonably withheld or delayed), the Target Company will not enter into any transaction except in the ordinary course of business or as contemplated by the Provisional Agreement; and
- (d) all representations, undertakings and warranties given by the Vendor under the Provisional Agreement are and remain true, accurate, correct in all material respects up to Completion;
- (e) the representations, undertakings and warranties given by the Vendor in respect of the ownership of the Property, no litigation and no encumbrances over the Target Company's assets in the Provisional Agreement and the formal agreement (if any) are and remain true, accurate, correct in all material respects up to the Completion; and
- (f) the Vendor providing a legal opinion on its legal capacity to sell the Sale Shares and to assign the Sale Loan and the due execution of the said sale and assignment.

The Company has the right to waive any of the conditions precedent above.

Completion:

Completion is to take place on 5 July 2021 (or such later date and time as the Company and the Vendor may agree in writing), or, if the Company has given notice in writing not less than fourteen (14) working days prior to such date to delay completion and pay the Additional Deposit, 3 September 2021 (or such later date as the Vendor and the Company may agree in writing).

Termination:

The Provisional Agreement may be terminated in the following circumstances:

- (a) by the Company by written notice if any of the conditions precedent is not fulfilled (or waived by the Company) on or before Completion, in which case the Vendor is required to return the Initial Deposit, the Further Deposit and (if applicable) the Additional Deposit to the Company;
- (b) by the Vendor, (i) if the Company fails to complete the transactions contemplated under the Provisional Agreement, in which case the Vendor is entitled to forfeit the Initial Deposit, the Further Deposit and (if applicable) the Additional Deposit; (ii) if the Purchaser makes and insists on any objection or requisition either as to title or any matter appearing on the title deeds or otherwise which the Vendor is unable or (on the grounds of difficulty, delay or expenses or on any other reasonable ground) unwilling to remove or comply with the requisition raised by the Company, or if the title of the Property is defective, in which case the Purchaser is entitled to the return of all deposits paid by it, without interest, costs or compensation.

Property Procurement**Option:**

The Company has the option to require the Vendor to procure the sale of the Property by the Target Company to the Company which it may exercise by giving notice to the Vendor on or before 10 May 2021. If such option is not exercised before that date, the Purchaser is deemed to waive such option and is deemed to have been fully satisfied with the due diligence of the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and principally engaged in property holding and property leasing business. Its principal asset is the Property, which is an industrial property with a gross area of approximately 5,430 square feet. As at the date of the Provisional Agreement, the Property is subject to an existing tenancy with a monthly rental of HK\$101,258 (excluding rates and management fees), which amount, based on the enquiries of the Company, is in line with the rent of similar property in the same area. The current tenancy will expire in November 2021.

Set out below is the financial information of the Target Company for the two years ended 31 December 2020:

	For the year ended	
	31 December	
	2020	2019
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Revenue	1,215,096	1,118,740
Profit before taxation	2,993,919	31,699,788
Profit after taxation	2,957,360	31,691,023

The audited net asset value of the Target Company as at 31 December 2020 was approximately HK\$13,430,589.

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFIT OF THE ACQUISITION

The principal activity of the Company is investment holding. 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.

The Group's strategy is to strive for sustainability of its principal business of telecommunications, information technology, financial solution, software development and distribution sectors in Hong Kong, Singapore and the PRC. Faced with continuous uncertainties in the global economy, the Group has been looking at possibilities to supplement its revenue from through other investments, including in income generating investment properties. The Directors believe that the Acquisition presents a good opportunity for the Group to generate stable income from the Property in the near future and the Group may also benefit from any long term capital appreciation.

In view of the above, the Directors believe that the terms of the Provisional Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition exceeds 25% and all of the applicable percentage ratios are below 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

No Director has a material interest in the Acquisition and no Director is required to abstain from voting on the board resolutions to approve the Acquisition.

To the best of the 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 Acquisition, thus no Shareholder is required to abstain from voting on the resolution if the Company were to convene an extraordinary general meeting to approve the Acquisition. As at the date of this announcement, the Company has obtained written Shareholders' approval for the Acquisition from Beta Dynamic Limited, the controlling shareholder of the Company which holds 556,762,589 Shares, representing approximately 53.01% of issued Shares, in accordance with Rule 14.44 of the Listing Rules. Accordingly, the Acquisition has been approved by way of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a holding a general meeting of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, amongst other things, details of the Acquisition, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 24 March 2021. Given that additional time is required for the Company to conduct due diligence against the Target Company and to prepare the financial information of the Target Company to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the circular to be despatched to the Shareholders on or before 31 May 2021.

CLARIFICATION

The Board wishes to clarify the inadvertent typographical error in the announcement dated 2 March 2021 that the English name of Mr. Hui Chun Wai Henry should be "Mr. Hui Chun Wai Henry" (as stated in his biographical details) instead of "Mr. Hui Chung Wai Henry".

DEFINITIONS

Capitalised terms used in this announcement have the meanings as defined below:

"Acquisition"	acquisition of the Sale Shares and the Sale Loan pursuant to the terms of the Provisional Agreement
"Board"	the board of Directors
"Company"	Great Wall Belt & Road Holdings Limited, 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 Acquisition as contemplated under the Provisional Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consideration”	the consideration of HK\$51,750,000 payable by the Company to the Vendor to acquire the Sale Shares and the Sale Loan under the Provisional Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NTAV”	the aggregate of all tangible assets of the Target Company which are readily convertible into cash or cash equivalents (excluding the Property, any intangible assets and other fixed assets) less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Sale Loan) and provision of the Target Company as at the Completion Date
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	Units Nos. 4 and 6 on 11th Floor of Block A, Sea View Estate, No.2 Watson Road, Hong Kong

“Provisional Agreement”	a provisional sale and purchase agreement dated 3 March 2021 entered into between the Vendor and the Company in relation to the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Palico Development Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Ritzy Soar Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

Yours faithfully,
For and on behalf of the board of
Great Wall Belt & Road Holdings Limited
Cheung Siu Fai
Chairman and Executive Director

Hong Kong, 3 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cheung Siu Fai (chairman), Mr. Hui Chun Wai Henry, Mr. Lau Wai Yui Jimmy, two non-executive directors, namely Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie, and three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Leung Wai Kei and Mr. Lam Chik Shun Marcus.