THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in 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.

長城一帶一路
Great Wall Belt & Road

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 A PROPERTY HOLDING COMPANY

Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 15 of this circular.

The Acquisition has been approved by written shareholders’ approval obtained from the controlling shareholder of the Company pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

25 May 2021

CONTENTS

DEFINITIONS

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

"Acquisition"	acquisition of the Sale Shares and the Sale Loan pursuant to 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 or (if applicable) the formal sale and purchase agreement
"Completion Date"	the date on which Completion takes place
"connected person(s)"	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
"Disposal"	the disposal by the Company of the entire issued share capital of B&R Investment Holding Limited to Vantage Network Global Limited for a cash consideration of RMB47,500,000 (approximately HK$56,287,500) completed on 19 March 2021, which is the subject of the Company's circular dated 24 February 2021
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	20 May 2021, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular
"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 Loan"	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
"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
"Valuation Report"	the property valuation report issued by the Valuer, the text of which is set out in Appendix V of this circular
"Valuer"	Centaline Surveyors Limited, an independent professional valuer
"Vendor"	Ritzy Soar Limited, a company incorporated in the British Virgin Islands with limited liability
"%"	per cent

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)

Executive Directors:
Mr. Cheung Siu Fai
Mr. Hui Chun Wai Henry

Non-Executive Directors:
Mr. Zhao Ruiyong
Mr. Cheung Ka Heng Frankie

Independent Non-Executive Directors:
Mr. Fong Wai Ho
Mr. Chow Hiu Tung
Mr. Cheung Sze Ming

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 1602
16/F COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

25 May 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A PROPERTY HOLDING COMPANY

BACKGROUND

On 3 March 2021, the Company as purchaser and the Vendor as vendor entered into the Provisional Agreement pursuant to 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. The Target Company is principally engaged in property investment in Hong Kong and its principal asset is the Property.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition (including the Target Company); (ii) certain financial information of the Group and the Target Company; (iii) the unaudited pro forma financial information of the Group as enlarged by the Acquisition; (iv) valuation of the Property; and (v) other information as required under the Listing Rules.

THE ACQUISITION

On 3 March 2021, the Company as purchaser and the Vendor as vendor entered into the Provisional Agreement pursuant to 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.

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 Latest Practicable Date.

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 amount owing by the Target Company to the Vendor and a fellow subsidiary of the Target Company amounted to approximately HK$1,265,000.

A formal sale and purchase agreement is expected to be signed by the Company and the Vendor on or before 25 May 2021 which will incorporate the terms and conditions of the Provisional Agreement together with some other customary terms for transactions of this nature, including provisions on completion deliverables, Vendor's indemnity to the Company, representations and warranties. As at the Latest Practicable Date, no formal sale and purchase agreement had been signed by the parties. If parties decide not to enter into the formal sale and purchase agreement, 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, has been paid within two weeks of the date of the Provisional Agreement; 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 Company 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 Company will pay the excess to the Vendor on Completion, or the Vendor will pay the deficiency to the Company 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

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, taking 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 the Valuer engaged by the Company, which value exceeds the Consideration; 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.

For the purposes of compliance with Rule 5.07 of the Listing Rules, the Company had the Valuation Report updated to a record date of 15 April 2021, the text of which is reproduced in Appendix V to this circular. The Valuation Report adopts direct comparison approach by making reference to three comparable sales took place in the past 12 months in relation to properties in the same development. As set out in the Valuation Report, the average selling price per saleable square foot of the comparable properties is HK$12,657 and the adjusted selling price per saleable square foot for the Property is approximately HK$12,700. The Consideration entails a unit price of approximately HK$12,386 per saleable square foot for the Property, which is in line with the comparables and the valuation of the Property.

In view of the above, the Board considers the Consideration fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company intends to finance the Consideration by the majority of the net proceeds from the Disposal of approximately HK$55.8 million and other borrowings. The actual net proceeds from the Disposal is in excess of the estimate net proceeds as disclosed in the announcement and circular of the Company dated 20 November 2020 and 24 February 2021, respectively, primarily due to the appreciation of RMB against Hong Kong dollar. With regard to the borrowings, the Company is considering different terms proposed by potential lenders and no definitive agreement had been signed as at the Latest Practicable Date.

Conditions precedent : Completion is conditional upon fulfilment (or waiver by the Company) 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 aspects 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.

As at the Latest Practicable Date, conditions precedent (a) and (b) have been satisfied, and the Company does not intend to waive any of the other conditions precedent.

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 Company 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 Company 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 for the same Consideration which the Company may exercise at its discretion by giving notice to the Vendor on or before 10 May 2021. As at the Latest Practicable Date, no such option was exercised by the Company and therefore, the Company 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 investment in Hong Kong. Its principal asset is the Property, which is an industrial property with a gross area and saleable area of approximately 5,430 and 4,178 square feet, respectively. 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. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the tenant is a party independent of the Company and its connected persons. The current tenancy will end in September 2021 and the Company will, after Completion, look for new tenant(s) upon expiry of the current tenancy.

Set out below is the financial information of the Target Company for the two years ended 31 December 2019 and 2020 as extracted from the audited financial statements of the Target Company as set out in Appendix II:

	For the year ended 31 December	
	2020	**2019**
	Approximately	*Approximately*
	HK$	*HK$*
	(audited)	(audited)
Revenue	1,215,096	1,118,740
Profit before taxation *(note)*	2,993,919	2,460,349
Profit after taxation *(note)*	2,985,154	2,381,192

Note:

Further to the announcement on the Acquisition dated 3 March 2021, certain amounts in the audited financial statements of the Target Company for the three years ended 31 December 2018, 2019 and 2020 provided by the Vendor have been adjusted. Please see note 27 to the audited financial statements of the Target Company as set out in Appendix II to this circular for details of the adjustments.

The audited net asset value of the Target Company as at 31 December 2020 was approximately HK$13,310,432.

VALUATION OF THE PROPERTY

Set out below are the details of the recent sales of comparable properties the Valuation Report had made reference to:

Date	Comparable	Consideration *(HK$)*	Saleable Area *(sq. ft)*	Unit Rate *(HK$ per sq. ft.)*
Feb 2021	Unit No. 9 on 12/F. of Block B, Sea View Estate, Nos. 4&6 Watson Road	$12,000,000	949	$12,645
Dec 2020	Unit No. 1A on 3/F. of Block B, Sea View Estate, Nos. 4&6 Watson Road	$12,000,000	1,017	$11,799
Dec 2020	Units No. 1&2 on 14/F. of Block A, Sea View Estate, No. 2 Watson Road	$25,000,000	1,848	$13,528
			Average unit rate:	$12,657
			Unit rate of the Property:	$12,386

Given that the property market in Hong Kong is active and mature, the Directors considered the direct comparison approach adopted by the Valuer fair and reasonable. The Directors also noted that the comparisons were the recent sales of similar industrial properties in the same development of the Property of similar size and considered the comparable properties appropriate comparisons. The Directors also understand from the Valuer that there was another sale in the same development of the Property in December 2020 but the unit rate per saleable square foot in that sale was HK$7,455 and was therefore disregarded by the Valuer as an outlier. The Directors considered this appropriate.

The key assumptions of the Valuation Report are (a) the Property is sold in its existing state, (b) the Property is sold in the open market value without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement, restrictions or outgoings of an onerous nature which would/could affect its value; (c) no account has been taken of any option or right of pre-emption concerning or effecting the sale of the Property and no forced sale situation in any manner; and (d) no allowance has been made for any charges, mortgage or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale; (e) (unless otherwise stated) free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value. The Board considers these assumptions commonplace for transaction of similar nature.

The Board has also assessed the qualification, experience and the track record of the Valuer and was informed by the Valuer that Mr. Victor K.F. Lai, the managing director of the Valuer, has over 35 years of experience in property consultancy and agency in Hong Kong and PRC and Ms. Pamela W.I. Lam, the director of the Valuation Department of the Valuer and the signatory of the Valuation Report, has over 22 years of experience in property consultancy in Hong Kong and is responsible for providing professional services for property valuations, premium assessments, market research, development feasibility study, land matters and planning applications. The Directors are of the view that the Valuer is qualified and competent in performing the valuation of the Property. In addition, the Valuer has also confirmed to the Company of its independence.

In view of the above, the Board considers the valuation methodology and key assumptions adopted in the Valuation Report fair and reasonable.

FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated into the accounts of the Group.

After Completion, the Property will be recognized as an investment property of the Group and will be subject to annual fair value assessment. Any fair value change of the Property will be reflected in the profit and loss of the Group.

As referred to in "Appendix III – Unaudited Pro Forma Financial Information of the Enlarged Group" to this circular, on the basis of the notes set out therein, if the Acquisition had taken place and had been completed on 31 December 2020, the unaudited pro forma consolidated assets of the Enlarged Group would have increased from HK$108,752,000 to HK$109,348,000 and the unaudited pro forma consolidated liabilities of the Enlarged Group would have increased from HK$87,255,000 to HK$87,796,000.

Other than the additional rental income to be brought by the lease of the Property, the Company considers that the Acquisition has no immediate material impact on the earnings of the Group.

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 without any further material capital commitment 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 Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

As at the Latest Practicable Date, the Company did not have any plan or intention, and has not entered into any agreement, arrangement, understanding or negotiation (formal or informal; express or implied), to acquire any new businesses or dispose of any existing businesses in the next 12 months.

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 close 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 the Provisional Agreement, 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 and the Company is not required to convene a general meeting for this purpose.

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

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

FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial statements of the Group and the notes thereto for each of the years ended 31 December 2018, 2019 and 2020 are disclosed in the annual reports of the Company, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.gwbrhk.com):

(i) pages 38 to 128 of the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904293080.pdf);

(ii) pages 33 to 128 of the annual report of the Company for the year ended 31 December 2019 published on 17 May 2020 (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0517/2020051700051.pdf);

(iii) pages 36 to 112 of the annual report of the Company for the year ended 31 December 2020 published on 26 April 2021 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600794.pdf).

INDEBTEDNESS STATEMENT

At the close of business on 31 March 2021, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding amount due to former directors, borrowings, loans from directors/amount due to a director, amount due to immediate holding company, lease liabilities and bank guarantee (utilised) of approximately HK$72,682,000, details of which are as follows:

Amounts due to former directors

The Enlarged Group had amount due to a former director, Mr. Yeung Chun Wai Anthony, of HK$12,393,000, the amount represents the balance of consideration previously received by the Enlarged Group that should be returned to the former director when the ordinary shares of SingAsia Holdings Limited (Stock code: 8293) (the "**SingAsia Shares**") held by him were returned to the Enlarged Group in part. The Enlarged Group had issued a writ of summons on 12 March 2019 to commence legal proceedings against the former director to request the transfer of the SingAsia Shares. The amounts are unsecured, unguaranteed, interest-free and the Enlarged Group had issued a writ of summons to commence legal proceedings against the former director to request the transfer of the SingAsia Shares. Please refer to note 24(c) to the annual report of the Company for the year ended 31 December 2020 for more details. As at the Latest Practicable Date, the Enlarged Group and Mr. Yeung has completed the exchange of statement of claims and defences for the legal proceedings.

The Enlarged Group had loan from a former director of HK$440,000, which are unsecured, unguaranteed, interest-free and repayable on demand.

Borrowings

The Enlarged Group has other borrowing from a licensed money lending company in the amounts of HK$5,000,000, which are unsecured, unguaranteed, interest-bearing at 1.25% per month, and repayable on 18 July 2023. As at 31 March 2021, the interest payable relating to the borrowings was approximately HK$151,000 and repayable on 18 April 2021.

The Enlarged Group obtained bank facilities of maximum amounts of HK$44,708,000. The Enlarged Group had outstanding bank borrowings of approximately HK$35,607,000 carried at floating rate at Hong Kong Inter-bank Offering Rate plus 1.4% per annum, which is secured by the Property together with the rental assignment, and corporate guarantee of HK$44,800,000 executed by the intermediate holding company of the Target Company. The bank borrowings of approximately HK$14,607,000 was repayable on 5 November 2044 and HK$21,000,000 was repayable on 30 May 2021. According to the Provisional Agreement, the bank borrowings would be repaid by the Vendor before or on the completion date of the acquisition of the Target Company.

Loans from directors/amount due to a director

The Enlarged Group had outstanding loans from two directors of approximately HK$2,378,000 and HK$3,200,000, respectively, and amount due to a director of approximately HK$133,000, all of which are unsecured, unguaranteed, interest-free and repayable on demand.

The Enlarged Group obtained loan facilities from a director in the maximum principal amount of HK$10,000,000. The Enlarged Group has drawn in full the loan amounts of HK$10,000,000, which are unsecured, unguaranteed, interest bearing at 12% per annum and repayable on demand. As at 31 March 2021, the interest payable relating to such loan is approximately HK$207,000 and repayable on demand.

Amount due to immediate holding company

The Enlarged Group had amount due to immediate holding company of the Target Company of approximately HK$1,145,000 which is unsecured, unguaranteed, interest-free and repayable on demand.

Lease liabilities

The Enlarged Group had lease liabilities (comprising both current and non-current liabilities) of approximately HK$1,439,000.

Bank guarantee

At the close of business on 31 March 2021, the Enlarged Group had bank guarantee of approximately HK$631,000 issued to suppliers for operational requirement and pledged bank deposits of approximately HK$631,000 in relation thereto. The amount utilised of approximately HK$589,000 represents the outstanding amounts payable to these suppliers.

Margin facility

Certain equity securities listed in Hong Kong classified as financial assets at fair value through profit or loss are placed in a margin account of a regulated securities broker. No margin facility was utilised as at 31 March 2021.

Save as disclosed above, except and apart from the intra-group liabilities and normal trade payables, the Enlarged Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptance credits, debentures, mortgages, charges or guarantees or other material contingent liabilities as at the close of business on 31 March 2021. Since 31 March 2021, there has been no material change to the Enlarged Group's indebtedness.

For the purpose of the indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing as at 31 March 2021.

WORKING CAPITAL

Taking into account the effect of the Disposal and the financial resources available to the Group, including internally generated funds and external borrowings, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for at least the 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

In the second half of 2020, the Company focused on ensuring the sustainability of the Group's telecoms business in light of the uncertainties due to the escalation of sensitive geopolitical situation and the global economic downturn due to the pandemic, reviewing areas in which the Group's operational efficiencies can be improved and exploring business development opportunities. While there continues to be uncertainties with regards to the US-China relations and the continuing effect of the pandemic, the Group's strategy is to strive for sustainability of its telecom business through the improvement of the quality of its services and tapping on the changes to the demand for technology products and services contributed at least in part from the social distancing and "work-from-home" needs as a result of the pandemic.

At the same time, the Group continues to seek business development opportunities both within the regions in which it is currently operating and beyond, in the technology, media and telecom (TMT) sector (such as in information and other emerging technologies, 5G and online marketing and fulfillment) to expand its service offerings. The Group will leverage its industry experience and competitive strength to consolidate its business presence in the telecommunication and information technology industry in Singapore and Hong Kong and to expand its product or service solutions offerings in the existing and new geographical regions. The Group will also continue to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

As mentioned in the Company's announcement dated 29 January 2021, the Group looked at possibilities to supplement its revenue through other investments, including 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 of the Property.

The following is the text of a report received from the Target Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF PALICO DEVELOPMENT LIMITED TO THE DIRECTORS OF GREAT WALL BELT & ROAD HOLDINGS LIMITED

Introduction

We report on the historical financial information of Palico Development Limited (the "**Target Company**") set out on pages II-4 to II-49 which comprise the statements of financial position of the Target Company as at 31 December 2018, 2019 and 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2018, 2019 and 2020 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information of the Target Company set out on pages II-4 to II-49 forms an integral part of this report, which has been prepared for inclusion in the circular of Great Wall Belt & Road Holdings Limited (the "**Company**") dated 25 May 2021 (the "**Circular**") in connection with the proposed acquisition of entire equity interest in the Target Company (the "**Acquisition**").

Director's responsibility for the Historical Financial Information of the Target Company

The sole director of the Target Company is responsible for the preparation of Historical Financial Information of the Target Company that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information of the Target Company, and for such internal control as the sole director of the Target Company determine is necessary to enable the preparation of Historical Financial Information of the Target Company that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Reports on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information of the Target Company is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information of the Target Company gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2018, 2019 and 2020 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information of the Target Company.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information of the Target Company is stated after making such adjustments to the Historical and Underlying Financial Statements of the Target Company as defined on Note 27 to the Historical Financial Information of the Target Company as were considered necessary.

Dividends

We refer to Note 11 to the Historical Financial Information of the Target Company which states that final dividend for the year ended 31 December 2020 of HK$3,600,000 per ordinary share have been declared and paid by the Target Company.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong, 25 May 2021

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information of the Target Company

Set out below is the Historical Financial Information of the Target Company which forms an integral part of this accountants' report.

The financial statements of the Target Company of the Relevant Periods, on which the Historical Financial Information of the Target Company is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information of the Target Company is presented in Hong Kong dollars ("**HK$**").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2018	**2019**	**2020**
	Notes	*HK$*	*HK$*	*HK$*
Revenue	*6*	1,104,624	1,118,740	1,215,096
Other income		2	4	4
Gain on change in fair value of investment properties		4,600,000	2,000,000	3,000,000
Administrative expenses		(24,949)	(219,781)	(219,751)
Finance costs	*7*	(300,000)	(438,614)	(1,001,430)
Profit before tax	*8*	5,379,677	2,460,349	2,993,919
Income tax expense	*10*	(108,646)	(79,157)	(8,765)
Profit for the year		5,271,031	2,381,192	2,985,154
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		5,271,031	2,381,192	2,985,154

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2018	2019	2020
	Notes	*HK$*	*HK$*	*HK$*
Non-current Assets				
Investment properties	*12*	45,000,000	47,000,000	50,000,000
Property	*13*	72,640	63,560	54,480
		45,072,640	47,063,560	50,054,480
Current Assets				
Trade and other receivables	*14*	2,063	95,645	106
Tax recoverable		12,631	–	67,794
Amount due from intermediate holding company	*15*	–	39,490,000	–
Bank balances	*16*	32,847	5,662,628	601,776
		47,541	45,248,273	669,676
Current Liabilities				
Accruals and deposits received		314,060	390,633	355,027
Amount due to immediate holding company	*15*	–	593,559	1,145,059
Amount due to fellow subsidiary	*15*	–	–	120,000
Bank borrowings	*17*	–	44,767,203	35,607,474
Loan from former immediate holding company	*18*	10,993,492	–	–
Tax payable		–	57,761	–
		11,307,552	45,809,156	37,227,560
Net Current Liabilities		(11,260,011)	(560,883)	(36,557,884)
Total Assets less Current Liabilities		33,812,629	46,502,677	13,496,596
Non-current Liability				
Deferred tax liability	*19*	168,634	177,399	186,164
Net Assets		33,643,995	46,325,278	13,310,432
Capital and Reserves				
Share capital	*20*	10	10	10
Other reserve		–	10,300,091	10,300,091
Retained earnings		33,643,985	36,025,177	3,010,331
Total Equity		33,643,995	46,325,278	13,310,432

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	**Other reserve** *HK$*	**Retained profit** *HK$*	**Total** *HK$*
At 1 January 2018	10	–	28,372,954	28,372,964
Profit and total comprehensive income for the year	–	–	5,271,031	5,271,031
At 31 December 2018 and 1 January 2019	10	–	33,643,985	33,643,995
Profit and total comprehensive income for the year	–	–	2,381,192	2,381,192
Deemed contribution arising from wavier of amount due to former immediate holding company	–	10,300,091	–	10,300,091
At 31 December 2019 and 1 January 2020	10	10,300,091	36,025,177	46,325,278
Profit and total comprehensive income for the year	–	–	2,985,154	2,985,154
Dividend paid *(note 11)*	–	–	(36,000,000)	(36,000,000)
At 31 December 2020	10	10,300,091	3,010,331	13,310,432

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2018	**2019**	**2020**
	Notes	*HK$*	*HK$*	*HK$*
Operating activities				
Profit before tax		5,379,677	2,460,349	2,993,919
Adjustments for:				
Interest income from bank deposits		(2)	(4)	(4)
Interest expenses	*7*	300,000	438,614	1,001,430
Depreciation	*13*	9,080	9,080	9,080
Gain on change in fair value of investment properties	*12*	(4,600,000)	(2,000,000)	(3,000,000)
Operating cash flows before movements in working capital		1,088,755	908,039	1,004,425
Changes in working capital:				
Decrease (increase) in trade and other receivables		77	(93,582)	95,539
Decrease (increase) in amount due from intermediate holding company	*26*	–	(39,490,000)	4,041,500
Increase in amount due to immediate holding company	*26*	–	593,559	–
Increase in amount due to fellow subsidiary		–	–	120,000
Increase (decrease) in accruals		851	76,573	(35,606)
Cash generated from (used in) operations		1,089,683	(38,005,411)	5,225,858
Income tax paid		(168,263)	–	(125,555)
Net cash generated from (used in) operating activities		921,420	(38,005,411)	5,100,303
Investing activity				
Interest received		2	4	4
Net cash generated from investing activity		2	4	4

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Financing activities			
Repayment to former immediate holding company	(1,130,000)	(943,264)	–
Bank borrowings raised	–	44,800,000	–
Repayment of bank borrowings	–	(32,797)	(9,159,729)
Interest paid	–	(188,751)	(1,001,430)
Net cash (used in) generated from financing activities	(1,130,000)	43,635,188	(10,161,159)
Net (decrease) increase in cash and cash equivalents	(208,578)	5,629,781	(5,060,852)
Cash and cash equivalents at beginning of the year	241,425	32,847	5,662,628
Cash and cash equivalents at end of the year, represented by bank balances	32,847	5,662,628	601,776

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Palico Development Limited is a private limited company incorporated in Hong Kong. The Target Company's immediate holding company is Ritzy Soar Limited, a private limited company incorporated in the British Virgin Islands. Star Properties Group (Cayman Islands) Limited is an intermediate holding company of the Target Company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Target Company's ultimate holding company is Star Properties Holdings (BVI) Limited, which is a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Chan Man Fai Joe.

The address of the registered office and principal place of business of the Target Company is 11/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Target Company is engaged in the business of property investment in Hong Kong.

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Target Company.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong.

As the Target Company is not a public company, it is not required to deliver its financial statements to the Registrar of Companies as required by section 662 and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance (Cap. 622).

We were not the statutory auditors of the Target Company for the Relevant Periods. The statutory financial statements for the year ended 31 December 2018 prepared under HKFRSs for Private Entities was audited by a registered Hong Kong Certified Public Accountants, and the statutory financial statements for the year ended 31 December 2019 and 2020 prepared under HKFRSs were audited by the registered Hong Kong Certified Public Accountants.

The financial statements have been prepared on a going concern basis because Star Properties Group (Cayman Islands) Limited, an intermediate holding company, and the former directors of the Target Company have agreed to provide adequate funds to enable the Target Company to meet in full its financial obligation as they fall due for a period of at least twelve months from the end of the reporting period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purposes of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied the accounting policies which conform with HKFRSs, HKASs, amendments and interpretations ("**HK(IFRIC) – Int**") issued by the HKICPA that are effective for the Target Company's accounting periods beginning on 1 January 2018 consistently throughout the Relevant Periods.

New and amendments to HKFRSs in issue but not yet effective

The Target Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective date to be determined.

4 Effective for annual periods beginning on or after 1 June 2020.

5 Effective for annual periods beginning on or after 1 January 2021.

The sole director of the Target Company anticipates that the application of these new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets.*

Revenue from contracts with customers

The Target Company recognises revenue when (or as) a performance obligation is satisfied, that is when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;
- the Target Company's performance creates and enhances an asset that the customer controls as the Target Company performs; or
- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Company's right to consideration in exchange for goods or services that the Target Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Company's unconditional right to consideration, that is only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Company assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate.

Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Company as a lessor

Classification and measurement of leases

Leases for which the Target Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "(loss) profit before tax" as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Property

Property is stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property less its residual value over its estimated useful life, using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property

At the end of the reporting period, the Target Company reviews the carrying amounts of its property determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property is estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Company recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, amount due from intermediate holding company and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company always recognises lifetime ECL for lease receivables. The ECL on lease receivables are assessed collectively.

For all other instruments, the Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments' external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deeply discounted that reflects the incurred credit losses.

(iv) Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of lease receivables from property management services, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issued costs.

Financial liabilities

Financial liabilities (including deposits received, amounts due to immediate holding company, amount due to fellow subsidiary, loan from former immediate holding company and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

Related parties

(a) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company; or

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(b) An entity is related to the Target Company if any of the following conditions applies:

(i) the entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personal services to the Target Company or to the Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Target Company's accounting policies, which are described in note 4, the sole director of the Target Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of the Target Company has made in the process of applying the Target Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the sole director of the Target Company has reviewed the Target Company's investment property portfolios and concluded that the Target Company's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the sole director of the Target Company has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Target Company has not recognised any deferred tax on changes in fair value of investment properties as the Target Company is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Going concern consideration

The assessment of the going concern assumptions involves making judgement by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Target Company has ability to continue as a going concern and the major events or conditions, which may give rise to business risk, that individually or collectively may cast significant doubt about the going concern assumption are set out in note 2.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 25 to the financial statements.

In relying on the valuation report, the sole director of the Target Company has exercised his judgement and is satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, would result in changes in the fair values of the Target Company's investment properties and the corresponding adjustments to the amount of gain or loss reported in the statement of profit or loss and other comprehensive income.

The sole director of the Target Company has performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Target Company's investment properties.

As at the end of reporting date, the carrying amounts of the Target Company's investment properties are 31 December 2018: HK$45,000,000; 31 December 2019: HK$47,000,000 and 31 December 2020: HK$50,000,000.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses was HK$59,208 as at 31 December 2020.

6. REVENUE

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Revenue recognised at a point in time			
Lease income	1,104,624	1,118,740	1,215,096

The Target Company derives all its revenue from the lease income in Hong Kong. The management of the Target Company, monitors the revenue, results, assets and liabilities of the business as a whole based on the management accounts prepared in accordance with HKFRSs, and considers the assets and liabilities of the business, which included all assets and liabilities as stated in the statements of financial position, and considers the revenue and results of the business which represented revenue and profit for the year as stated in the statements of profit or loss and other comprehensive income.

Furthermore, as all revenue is derived from Hong Kong based on the location of operation of the Target Company, no geographical information is presented.

7. FINANCE COSTS

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Interests on bank borrowings	–	188,751	1,001,430
Interests on loan from former immediate holding company	300,000	249,863	–
	300,000	438,614	1,001,430

8. PROFIT BEFORE TAX

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Profit before tax has been arrived after charging (crediting):			
Auditor's remuneration	6,900	18,400	40,000
Director's remuneration	–	–	–
Bank interest income	(2)	(4)	(4)
Changes in fair value of investment properties	(4,600,000)	(2,000,000)	(3,000,000)
Depreciation	9,080	9,080	9,080

9. DIRECTOR'S EMOLUMENTS

The following disclosures are presented pursuant to section 383 of the Hong Kong Companies Ordinance.

(a) Director's remuneration

There is no director's remuneration for the year ended 31 December 2018, 2019 and 2020.

(b) Loans, quasi-loans and other dealings in favour of director

There are no loans, quasi-loans or other dealings in favour of the director of the Target Company that were entered into or subsisted during the year ended 31 December 2018, 2019 and 2020.

(c) Director's material interests in transactions, arrangements or contracts

After consideration, except for those disclosed in note 15, the sole director is of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Company's business to which the Target Company was a party and in which a director of the Target Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2018, 2019 and 2020.

10. INCOME TAX EXPENSE

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Current tax	99,881	70,392	–
Deferred tax *(note 19)*	8,765	8,765	8,765
	108,646	79,157	8,765

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 December 2018 and 2019. Hong Kong Profits Tax has not been provided for the year ended 31 December 2020 as the Target Company incurred a loss for taxation purposes.

The income tax expense for the year can be reconciled from the profit before tax per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Profit before tax	5,379,677	2,460,349	2,993,919
Tax at Hong Kong Profits Tax rate of 16.5%	887,647	405,958	493,997
Tax effect of expense not deductible for tax purpose	–	23,201	–
Tax effect of income not taxable for tax purpose	(769,264)	(340,265)	(505,264)
Timing difference not recognised	1,498	1,498	1,498
Tax effect of tax loss not recognised	–	–	9,769
Tax reduction of Hong Kong Profits Tax by Inland Revenue Department	(20,000)	(20,000)	–
Income tax expense for the year	99,881	70,392	–

11. DIVIDENDS

	Year ended 31 December		
	2018	2019	2020
	HK$	*HK$*	*HK$*
Dividends approved and paid during the year			
Final dividend in respect of the year ended 31 December 2020 of HK$3,600,000 per ordinary share (2019: HK$Nil, 2018: HK$Nil)	–	–	36,000,000

12. INVESTMENT PROPERTIES

	As at 31 December		
	2018	2019	2020
	HK$	*HK$*	*HK$*
Fair value			
At the beginning of the Relevant Periods	40,400,000	45,000,000	47,000,000
Increase in fair value	4,600,000	2,000,000	3,000,000
At the end of the Relevant Periods	45,000,000	47,000,000	50,000,000

The Target Company leased out industrial properties under operating lease with rentals payable monthly. The lease contract contained market review clauses in the event the lessee exercises the option to extend.

The lease contract does not contain residual value guarantee and/or lessee's option to purchase the properties at the end of lease term.

All of the Target Company's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and are classified and accounted for as investment properties. All of these investment properties are located in Hong Kong.

The fair value of the Target Company's investment properties as at 31 December 2020, 2019 and 2018 have been arrived at on the basis of valuation carried out on the respective dates by Prudential Surveyors (Hong Kong) Limited and Centaline Surveyors Limited which are firms of independent qualified valuers not connected with the Target Company, and they have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The Target Company's investment properties as at 31 December 2020, 2019 and 2018 of HK$50,000,000, HK$47,000,000 and HK$45,000,000 respectively are measured at Level 3 of the fair value hierarchy.

The following table gives information about how the fair values of these investment properties at the ended of reporting period are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Description	**Fair value as at 31 December 2018**	**Fair value hierarchy**	**Valuation techniques**	**Significant unobservable inputs**	**Sensitivity**
Investment properties	HK$45,000,000	Level 3	Direct comparison approach	Sales rate from HK$11,170 per square feet to HK$12,970 per square feet, taking into account of location, frontage and size	A significant increase in the sale rate would result in a significant increase in fair value, and vice versa

Description	**Fair value as at 31 December 2019**	**Fair value hierarchy**	**Valuation techniques**	**Significant unobservable inputs**	**Sensitivity**
Investment properties	HK$47,000,000	Level 3	Direct comparison approach	Sales rate from HK$11,170 per square feet to HK$13,434 per square feet, taking into account of location, frontage and size	A significant increase in the sale rate would result in a significant increase in fair value, and vice versa

Description	Fair value as at 31 December 2020	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity
Investment properties	HK$50,000,000	Level 3	Direct comparison approach	Sales rate from HK$11,429 per square feet to HK$13,348 per square feet, taking into account of location, frontage and size	A significant increase in the sale rate would result in a significant increase in fair value, and vice versa

There were no transfers into or out of Level 3 for Relevant Periods presented.

As at 31 December 2020 and 2019, all of the Target Company's investment properties have been pledged to secure banking facilities granted to the Target Company.

Leasing arrangement – as lessor

The future aggregate minimum rental receivables under non-cancellable operating lease of investment properties as at Relevant Periods were as follows:

	As at 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Within one year	1,118,740	1,215,096	911,322
Between one and two years	1,215,096	911,322	–
Between two and three years	911,322	–	–
	3,245,158	2,126,418	911,322

13. PROPERTY

	Leasehold improvement *HK$*
Cost	
At 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020	272,300
Depreciation	
At 1 January 2018	190,580
Provided for the year	9,080
At 31 December 2018 and 1 January 2019	199,660
Provided for the year	9,080
At 31 December 2019 and 1 January 2020	208,740
Provided for the year	9,080
At 31 December 2020	217,820
Carrying amounts	
At 31 December 2020	54,480
At 31 December 2019	63,560
At 31 December 2018	72,640

The property, after taking into account the residual value, is depreciated on a straight-line basis over its estimated useful life, as follows:

Leasehold improvement	10% per annum

14. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Lease receivables	–	95,539	–
Prepayments	2,063	106	106
	2,063	95,645	106

No credit term is allowed for lease receivables.

All of the Target Company's lease receivables were past due at as 31 December 2019. The Target Company holds security deposits as collaterals over the lease receivables.

Details of impairment assessment of lease receivables are set out in note 23 to the financial statements.

15. AMOUNTS DUE FROM (TO) INTERMEDIATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARY

At the end of Relevant Periods, all amounts are unsecured, interest-free and repayable on demand. Details of impairment assessment of amount due from intermediate holding company are set out in note 23 to the financial statements.

16. BANK BALANCES

The bank balances carry interest at prevailing market interest rates.

17. BANK BORROWINGS

	As at 31 December		
	2018	2019	2020
	HK$	*HK$*	*HK$*
Bank borrowings at floating rates	–	44,767,203	35,607,474

The bank borrowings are carried interest at Hong Kong Inter-bank Offering Rate ("**HIBOR**") plus 1.4% per annum for the Relevant Periods.

Bank borrowings with a clause in their terms that contains a repayment on demand clause are classified as current liabilities even though the director does not expect that the lender would exercise their rights to demand repayment.

The bank loans of HK$44,800,000 are secured by the investment properties as disclosed in note 12 to the financial statements together with the rental assignment of the properties, and corporate guarantee executed by Star Properties Group (Cayman Islands) Ltd., the intermediate holding company of the Target Company for the two years ended 31 December 2019 and 2020.

18. LOAN FROM FORMER IMMEDIATE HOLDING COMPANY

	As at 31 December		
	2018	2019	2020
	HK$	*HK$*	*HK$*
Loan from former immediate holding company	10,993,492	–	–

As at 31 December 2018, loan from former immediate holding company by issuing of promissory note is unsecured, bore interest rates of 3% per annum and repayable on demand.

19. DEFERRED TAX LIABILITY

The following are the major deferred tax liability recognised and movements thereon during the Relevant Periods:

	Accelerated tax depreciation
	HK$
As at 1 January 2018	159,869
Charged to profit or loss	8,765
As at 31 December 2018 and 1 January 2019	168,634
Charged to profit or loss	8,765
As at 31 December 2019 and 1 January 2020	177,399
Charged to profit or loss	8,765
At 31 December 2020	186,164

20. SHARE CAPITAL

	Number of shares	*HK$*
Issued and fully paid:		
At 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020		
– Ordinary shares with no par value	10	10

21. RELATED PARTY DISCLOSURES

In addition to the transactions/information disclosed elsewhere in these financial statements, during the Relevant Periods, the Target Company had the following transactions with related parties:

(a) Related party transactions

Related party relationship	Nature of transactions	2018	2019	2020
		HK$	*HK$*	*HK$*
Former immediate holding company	Loan interest expense	300,000	249,863	–
Fellow subsidiary	Service fee expense	–	–	120,000

(b) Related party balances

Details of the balances with related parties are set out in notes 15 and 18 to the financial statements.

(c) Compensation of key management personnel

No remuneration of director has been incurred during the Relevant Periods.

22. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Company consists of equity which is comprising amounts due to immediate holding company and former immediate holding company, bank borrowings, issued share capital and retained earnings.

The sole director of the Target Company regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Target Company will balance its overall capital structure through the payment of dividends and new shares issues.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Financial assets			
Amortised cost	32,487	45,248,166	601,776
Financial liabilities			
Amortised cost	11,299,801	45,667,071	37,178,842

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, amount due from intermediate holding company, bank balances, deposit received, amounts due to immediate holding company, amount due to fellow subsidiary, loan from former immediate holding company, and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments mainly include market risk (interest rate risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management of the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The sole director reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

Interest rate risk

Bank balances and bank borrowings at floating rates exposes the Target Company to cash flow interest rate risk. The Target Company currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank balances and bank borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease representing management's assessment of the reasonably possible change in interest rate is used.

At the end of the reporting period, if interest rates had been 50 basis point higher/lower and all other variables were held constant, the Target Company's post-tax profit for the year would decrease/increase by 31 December 2020: HK$175,000; 31 December 2019: HK$196,000 and 31 December 2018: HK$55,000.

Credit risk and impairment assessment

At the end of the Relevant Periods, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the statement of financial position. The Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Target Company applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowances based on lifetime ECL at each reporting date. The Target Company has taken into account its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in each case. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Amount due from intermediate holding company/bank balance

The Target Company performs impairment assessment under ECL model upon application of HKFRS 9 on amount due from an intermediate holding company and bank balances based on 12m ECL.

The credit risk on amount due from intermediate holding company is limited because the counterparty is in good financial position.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Target Company is exposed to concentration of credit risk on:

- Liquid funds which are deposited with several banks with high credit ratings

Other than above, the Target Company does not have any other significant concentration of credit risk.

Based on the Target Company's assessment, no allowance for credit losses is recognised for trade receivables, amount due from an intermediate holding company and bank balances.

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand or less than one year	One to two years	Total undiscounted cash flows	Carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*
2018					
Deposits received	–	306,309	–	306,309	306,309
Loan from former immediate holding company	3.00	10,993,492	–	10,993,492	10,993,492
		11,299,801	–	11,299,801	11,299,801

	Weighted average effective interest rate	Repayable on demand or less than one year	One to two years	Total undiscounted cash flows	Carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*
2019					
Deposits received	–	306,309	–	306,309	306,309
Bank borrowings – floating rate	3.75	44,767,203	–	44,767,203	44,767,203
Amount due to immediate holding company	–	593,559	–	593,559	593,559
		45,667,071	–	45,667,071	45,667,071

	Weighted average effective interest rate	Repayable on demand or less than one year	One to two years	Total undiscounted cash flows	Carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*
2020					
Deposits received	–	306,309	–	306,309	306,309
Bank borrowings – floating rate	1.64% – 2.55%	35,607,474	–	35,607,474	35,607,474
Amount due to immediate holding company	–	1,145,059	–	1,145,059	1,145,059
Amount due to fellow subsidiary	–	120,000	–	120,000	120,000
		37,178,842	–	37,178,842	37,178,842

The maturity of the bank borrowings is as follows:

	As at 31 December		
	2018	**2019**	**2020**
	HK$	*HK$*	*HK$*
Within one year	–	30,393,850	21,402,394
Over one year but within two years	–	406,647	415,375
Over two years but within five years	–	1,300,953	1,328,261
Over five years	–	12,665,753	12,461,444
	–	44,767,203	35,607,474

Borrowings with a repayment on demand clause are included in the "repayable on demand or less than one year" time band in the above maturity analysis. As at 31 December 2020, 2019 and 2018, the aggregate carrying amounts of these borrowings amounted to HK$35,607,474, HK$44,767,203 and HK$Nil respectively. Taking into account the Target Company's financial position, the sole director of the Target Company does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The sole director of the Target Company believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices and rates from observable current market transactions as input.

The sole director considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities.

	Bank borrowings	**Loan from former immediate holding company**	**Total**
	HK$	*HK$*	*HK$*
At 1 January 2018	–	11,823,492	11,823,492
Non-cash transaction:			
Interest expense	–	300,000	300,000
Cash outflow:			
Repayment to former immediate holding company	–	(1,130,000)	(1,130,000)
At 31 December 2018	–	10,993,492	10,993,492
Non-cash transactions:			
Interest expense	188,751	249,863	438,614
Amount waived and credited to other reserve	–	(10,300,091)	(10,300,091)
Cash inflow (outflow):			
Bank borrowings raised	44,800,000	–	44,800,000
Repayments of bank borrowings	(32,797)	–	(32,797)
Repayment to former immediate holding company	–	(943,264)	(943,264)
Interest paid	(188,751)	–	(188,751)
At 31 December 2019	44,767,203	–	44,767,203
Non-cash transaction:			
Interest expense	1,001,430	–	1,001,430
Cash outflow:			
Repayment of bank borrowings	(9,159,729)	–	(9,159,729)
Interest paid	(1,001,430)	–	(1,001,430)
At 31 December 2020	35,607,474	–	35,607,474

25. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Target Company can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

Details of fair value of investment properties are set out in note 12 to the financial statements.

26. MAJOR NON-CASH TRANSACTIONS

(a) Declaration of final dividend

During the year ended 31 December 2020, the Target Company declared and paid final dividend for the year ended 31 December 2020 of HK$3,600,000 per ordinary share, amounting to total HK$36,000,000 to the immediate holding company, Ritzy Soar Limited.

(b) Debt assignment to immediate holding company

As at 31 December 2019, the amount due to the immediate holding company, Ritzy Soar Limited, was HK$593,559. During the year ended 31 December 2020, the Target Company has assigned the amount due from intermediate holding company, Star Properties Group (Cayman Islands) Limited, amounting to HK$35,448,500 to the immediate holding company, for a consideration of HK$35,448,500. After the debt assignment arrangement, the amount due from intermediate holding company was HK$ Nil and the amount due from the immediate holding company was HK$35,448,500, which was fully settled by the final dividend of HK$36,000,000. As at 31 December 2020, the amount due to immediate holding company was HK$1,145,059.

27. STATEMENT OF ADJUSTMENT

Statement of Profit or Loss and Other Comprehensive Income of the Target Company

For the year ended 31 December 2018

	Per audited report	Adjustment and reclassification *(Note 1)*	Adjustment and reclassification *(Note 2)*	Audited amount
	HK$	*HK$*	*HK$*	*HK$*
Revenue	1,104,624	–	–	1,104,624
Other income	2	–	–	2
Gain on change in fair value of investment properties	–	–	4,600,000	4,600,000
Administrative expenses	(24,949)	–	–	(24,949)
Finance costs	(300,000)	–	–	(300,000)
Profit before tax	779,677	–	4,600,000	5,379,677
Income tax expense	(128,646)	20,000	–	(108,646)
Profit for the year	651,031	20,000	4,600,000	5,271,031
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	651,031	20,000	4,600,000	5,271,031

Notes:

1. This represents an adjustment of overstatement of income tax in current year.
2. This represents an adjustment of understatement of fair value change of investment properties in current year.

Statement of Profit or Loss and Other Comprehensive Income of the Target Company

For the year ended 31 December 2019

	Per audited report	Adjustment and reclassification	Adjustment and reclassification	Adjustment and reclassification	Audited amount
		(Note 1)	*(Note 2)*	*(Note 3)*	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	1,118,740	–	–	–	1,118,740
Other income	490,610	–	–	(490,606)	4
Gain on change in fair value of investment properties	31,141,880	–	(29,141,880)	–	2,000,000
Administrative expenses	(612,828)	–	–	393,047	(219,781)
Finance costs	(438,614)	–	–	–	(438,614)
Profit before tax	31,699,788	–	(29,141,880)	(97,559)	2,460,349
Income tax expense	(8,765)	(70,392)	–	–	(79,157)
Profit for the year	31,691,023	(70,392)	(29,141,880)	(97,559)	2,381,192
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	31,691,023	(70,392)	(29,141,880)	(97,559)	2,381,192

Notes:

1. This represents an adjustment of understatement of income tax in current year.
2. This represents an adjustment of overstatement of fair value change of investment properties in current year.
3. This represents an adjustment of understatement of amount due to immediate holding company in current year.

Statement of Profit or Loss and Other Comprehensive Income of the Target Company

For the year ended 31 December 2020

	Per audited report	Adjustment and reclassification *(Note 1)*	Audited amount
	HK$	*HK$*	*HK$*
Revenue	1,215,096	–	1,215,096
Other income	4	–	4
Gain on change in fair value of investment properties	3,000,000	–	3,000,000
Administrative expenses	(219,751)	–	(219,751)
Finance costs	(1,001,430)	–	(1,001,430)
Profit before tax	2,993,919	–	2,993,919
Income tax expense	(36,559)	27,794	(8,765)
Profit for the year	2,957,360	27,794	2,985,154
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	2,957,360	27,794	2,985,154

Note:

1. This represents an adjustment of overstatement of income tax in current year.

Statement of Financial Position of the Target Company

As at 31 December 2018

	Per audited report	Adjustment and reclassification *(Note 1)*	Adjustment and reclassification *(Note 2)*	Adjustment and reclassification *(Note 3)*	Adjustment and reclassification *(Note 4)*	Audited amount
Non-current Assets						
Investment properties	15,858,120	–	4,600,000	24,541,880	–	45,000,000
Property	72,640	–	–	–	–	72,640
	15,930,760	–	4,600,000	24,541,880	–	45,072,640
Current Assets						
Trade and other receivables	2,063	–	–	–	–	2,063
Tax recoverable	–	–	–	–	12,631	12,631
Bank balances	32,847	–	–	–	–	32,847
	34,910	–	–	–	12,631	47,541
Current Liabilities						
Accruals and deposit received	314,060	–	–	–	–	314,060
Loan from former immediate holding company	10,993,492	–	–	–	–	10,993,492
Tax payable	7,369	(20,000)	–	–	12,631	–
	11,314,921	(20,000)	–	–	12,631	11,307,552
Net Current Liabilities	(11,280,011)	20,000	–	–	–	(11,260,011)
Total Assets less Current Liabilities	4,650,749	20,000	4,600,000	24,541,880	–	33,812,629
Non-current liability						
Deferred tax liability	168,634	–	–	–	–	168,634
Net Assets	4,482,115	20,000	4,600,000	24,541,880	–	33,643,995
Capital and Reserves						
Share capital	10	–	–	–	–	10
Retained earnings	4,482,105	20,000	4,600,000	24,541,880	–	33,643,985
Total equity	4,482,115	20,000	4,600,000	24,541,880	–	33,643,995

Notes:

1. This represents an adjustment of overstatement of income tax in current year.
2. This represents an adjustment of understatement of fair value change of investment properties in current year.
3. This represents an adjustment of understatement of fair value change of investment properties in prior years.
4. This represents a reclassification of tax payable to tax recoverable.

Statement of Financial Position of the Target Company

As at 31 December 2019

	Per audited report	Adjustment and reclassification *(Note 1)*	Adjustment and reclassification *(Note 2)*	Adjustment and reclassification *(Note 3)*	Audited amount
Non-current Assets					
Investment properties	47,000,000	–	–	–	47,000,000
Property	63,560	–	–	–	63,560
	47,063,560	–	–	–	47,063,560
Current Assets					
Trade and other receivables	95,645	–	–	–	95,645
Tax recoverable	–	–	–	–	–
Amount due from intermediate holding company	39,490,000	–	–	–	39,490,000
Bank balances	5,662,628	–	–	–	5,662,628
	45,248,273	–	–	–	45,248,273
Current Liabilities					
Accruals and deposit received	390,633	–	–	–	390,633
Amount due to immediate holding company	496,000	–	97,559	–	593,559
Bank borrowings	44,767,203	–	–	–	44,767,203
Tax payable	7,369	70,392	–	(20,000)	57,761
	45,661,205	70,392	97,559	(20,000)	45,809,156
Net Current Liabilities	(412,932)	(70,392)	(97,599)	20,000	(560,883)
Total Assets less Current Liabilities	46,650,628	(70,392)	(97,559)	20,000	46,502,677
Non-current liability					
Deferred tax liability	177,399	–	–	–	177,399
Net Assets	46,473,229	(70,392)	(97,559)	20,000	46,325,278
Capital and Reserves					
Share capital	10	–	–	–	10
Other reserve	10,300,091	–	–	–	10,300,091
Retained earnings	36,173,128	(70,392)	(97,599)	20,000	36,025,177
Total equity	46,473,229	(70,392)	(97,559)	20,000	46,325,278

Notes:

1. This represents an adjustment of understatement of income tax in current year.
2. This represents an adjustment of understatement of amount due to immediate holding company in current year.
3. This represents an adjustment of overstatement of income tax in prior year.

Statement of Financial Position of the Target Company

As at 31 December 2020

	Per audited report	Adjustment and reclassification *(Note 1)*	Adjustment and reclassification *(Note 2)*	Adjustment and reclassification *(Note 3)*	Adjustment and reclassification *(Note 4)*	Audited amount
Non-current Assets						
Investment properties	50,000,000	–	–	–	–	50,000,000
Property	54,480	–	–	–	–	54,480
	50,054,480	–	–	–	–	50,054,480
Current Assets						
Trade and other receivables	106	–	–	–	–	106
Tax recoverable	90,392	27,794	20,000	(70,392)	–	67,794
Bank balances	601,776	–	–	–	–	601,776
	692,274	27,794	20,000	(70,392)	–	669,676
Current Liabilities						
Accruals and deposit received	355,027	–	–	–	–	355,027
Amount due to immediate holding company	1,047,500	–	–	–	97,559	1,145,059
Amount due to fellow subsidiary	120,000	–	–	–	–	120,000
Bank borrowings	35,607,474	–	–	–	–	35,607,474
	37,130,001	–	–	–	97,559	37,227,560
Net Current Liabilities	(36,437,727)	27,794	20,000	(70,392)	(97,559)	(36,557,884)
Total Assets less Current Liabilities	13,616,753	27,794	20,000	(70,392)	(97,559)	13,496,596
Non-current liability						
Deferred tax liability	186,164	–	–	–	–	186,164
Net Assets	13,430,589	27,794	20,000	(70,392)	(97,559)	13,310,432
Capital and Reserves						
Share capital	10	–	–	–	–	10
Other reserve	10,300,091	–	–	–	–	10,300,091
Retained earnings	3,130,488	27,794	20,000	(70,392)	(97,559)	3,010,331
Total equity	13,430,589	27,794	20,000	(70,392)	(97,559)	13,310,432

Notes:

1. This represents an adjustment of overstatement of income tax in current year.
2. This represents an adjustment of overstatement of income tax in 2018.
3. This represents an adjustment of understatement of income tax in prior years.
4. This represents an adjustment of understatement of amount due to immediate holding company in prior years.

The following is the text of a letter received from the Target Company's reporting accountant, Confucius International CPA Limited, for the purpose of incorporation in this circular.

BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of financial position (the "**Unaudited Pro Forma Financial Information**") of Great Wall Belt & Road Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), as enlarged by the proposed acquisition of the entire equity interest in Palico Development Limited (the "**Target Company**") (the "**Proposed Acquisition**"). The Group as enlarged by the Proposed Acquisition upon completion of the Proposed Acquisition is hereafter collectively referred to as the "Enlarged Group". The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set forth below for the purpose of illustrating the effects of the Proposed Acquisition as if the Acquisitions had been completed at 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared using accounting policies consistent with those of the Group as set out in the annual report of the Group for the year ended 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2020 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	Audited consolidated statement of assets and liabilities of the Group	Audited statement of assets and liabilities of the Target Company	Pro forma Adjustments		Unaudited pro forma consolidated statements of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	Note 1	*Note 2*			
Non-current assets					
Property, plant and equipment	154	55	–		209
Right-of-use assets	–	–	–		–
Investment properties	–	50,000	1,750	*(3)*	51,750
Intangible assets	–	–	–		–
Goodwill	–	–	–		–
Designated FVTOCI	2,123	–	–		2,123
	2,277	50,055	1,750		54,082
Current assets					
Financial assets at FVTPL	896	–	–		896
Trade and other receivables	12,343	–	–		12,343
Tax recoverable	55	68	–		123
Pledged bank deposits	755	–	–		755
Bank balances and cash *(Note)*	33,238	602	(51,750) (129)	*(3),* *(4)*	(18,039)
	47,287	670	(51,879)		(3,922)
Assets classified as disposal group held for sale	59,188	–	–		59,188
	106,475	670	(51,879)		55,266

	Audited consolidated statement of assets and liabilities of the Group	Audited statement of assets and liabilities of the Target Company	Pro forma Adjustments		Unaudited pro forma consolidated statements of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	Note 1	*Note 2*			
Current liabilities					
Trade and other payables	85,443	355	–		85,798
Amount due to immediate holding company	–	1,145	(1,145)	*(3)*	–
Amount due to fellow subsidiary	–	120	(120)	*(3)*	–
Lease liabilities	932	–	–		932
Bank borrowings	–	35,608	(35,608)	*(3)*	–
	86,375	37,228	(36,873)		86,730
Liabilities classified as disposal group held for sale	166	–	–		166
	86,541	37,228	(36,873)		86,896
Net current (liabilities) assets	19,934	(36,558)	(15,006)		(31,630)
Total assets less current liabilities	22,211	13,497	(13,256)		22,452
Non-current liabilities					
Lease liabilities	714	–	–		714
Deferred tax liabilities	–	186	–		186
	714	186	–		900
Net assets	21,497	13,311	(13,256)		21,552

Note: On 19 March 2021, the Group has completed the proposed disposal of entire issued share capital of a wholly owned subsidiary, B&R Investment Holding Company, and has received the remaining consideration of RMB23,750,000 (approximately HK$28,263,000) from the purchaser.

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) The amounts have been extracted from the audited consolidated statement of financial position of the Group as at 31 December 2020, without adjustment, as set out in the annual report of the Company published on 26 April 2021.

(2) The amounts have been extracted from the audited statement of financial position of the Target Company as at 31 December 2020 in the accountant's report as set out in Appendix II to this circular.

(3) According to the Provisional Agreement, the Company has conditionally agreed to buy and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company (the "**Sale Shares**") and the loan due and payable by the Target Company to the Vendor (and/or the Target Company's director(s)/associates (if any)) (the "**Sale Debt**") with an aggregate consideration of HK$51,750,000.

The Target Company has approximately HK$35,608,000 bank borrowings as at 31 December 2020. According to the Provisional Agreement, the Vendor will repay the amount owed by the Target Company under existing mortgage before the Completion.

The Proposed Acquisition did not constitute a business as defined in Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("**HKFRS 3 (Revised)**"), after the Group has applied the concentration test to assess the fair value of the gross assets of Target Company, which is concentrated in a single identifiable asset or group of similar assets. The cost of acquisition is allocated between the individual identifiable assets and liabilities of the Target Company based on their relative fair values at the acquisition date and for the purpose of the unaudited pro forma financial information. Therefore, the fair value of the investment properties as at 31 December 2020 would be approximately HK$51,750,000 after the allocation of cost of acquisition.

The acquired Sale Debts of approximately HK$1,265,000 between the Group and the Target Company as at 31 December 2020 would be eliminated in the Enlarged Group's consolidated statement of financial position.

(4) According to the Provisional Agreement, the Group should pay the excess of the current assets over all liabilities (excluding the Sale Debts and the existing mortgage) to the Vendor. As at 31 December 2020, the Target Company has approximately HK$129,000 of excess of assets.

(5) No adjustment has been made to the unaudited pro forma financial information for acquisition-related costs (including fees to legal advisers, reporting accountants, printers, taxes and levies and other expenses) as the Directors determined that such costs are insignificant.

(6) Apart from the adjustments as stated above, no adjustment has been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2020.

The following is the text of a letter received from the Target Company's reporting accountant, Confucius International CPA Limited, for the purpose of incorporation in this circular.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Great Wall Belt & Road Holdings Limited (the "Company")

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Great Wall Belt & Road Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2020 and notes as set out in Appendix III of the circular issued by the Company dated 25 May 2021 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued share capital of the Palico Development Limited (the "**Target Company**") on the Group's financial position as at 31 December 2020 as if the transaction had taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements as included in the annual report for the year ended 31 December 2020, which was published on 26 April 2021.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
25 May 2021

*Set out below is the management discussion and analysis of the Target Company for the three years ended 31 December 2018, 2019 and 2020 (the "**Relevant Period**"), for the purpose of this Appendix only.*

BUSINESS REVIEW

The Target Company is principally engaged in property investment in Hong Kong, and is incorporated under the laws of Hong Kong with limited liability. The sole investment property held by the Target Company is the Property which is an industrial property located at Units Nos. 4 and 6 on 11th Floor of Block A, Sea View Estate, No.2 Watson Road, Hong Kong.

RESULTS OF OPERATIONS

Set out below is the key financial information of the Target Company during the Relevant Period:

	For the year ended 31 December		
	2020	**2019**	**2018**
	(audited)	**(audited)**	**(audited)**
	Approximately	**Approximately**	**Approximately**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,215,096	1,118,740	1,106,624
Other income	4	4	2
Gain on change in fair value of investment property	3,000,000	2,000,000	4,600,000
Administrative expenses	(219,751)	(219,781)	(24,949)
Finance costs	(1,001,430)	(438,614)	(300,000)
Profit/(loss) before tax	2,993,919	2,460,349	5,379,677
Income tax expense	(8,765)	(79,157)	(108,646)
Profit/(loss) after tax	2,985,154	2,381,192	5,271,031

FINANCIAL REVIEW

Revenue

During the Relevant Period, the revenue recorded by the Target Company was approximately HK$1.10 million, HK$1.12 million and HK$1.22 million, which was the rental income generated from the tenancy of the Property subsisted during the Relevant Period.

Other income

During the Relevant Period, other income recorded by the Target Company was HK$2, HK$4, and HK$4 respectively, which was bank interest income.

Gain on change in fair value of investment property

During the Relevant Period, the gain on change in fair value of investment property recorded by the Target Company was HK$4,600,000, HK$2,000,000, and HK$3,000,000 respectively, which was derived from the increase in fair value of the Property as at 31 December 2018, 2019 and 2020.

Administrative expenses

During the Relevant Period, the administrative expenses recorded by the Target Company were approximately HK$24,949, HK$219,781 and HK$219,751 respectively. The increase in administrative expenses in the last two years was mainly due to (a) the increase in bank charges on new bank borrowings and the occurrence of a one-off commission expense for leasing the Property for the year ended 31 December 2019; and (b) the increase in audit fee and the occurrence of service expenses charged by a fellow subsidiary of the Target Company for the year ended 31 December 2020.

Finance costs

During the Relevant Period, the finance costs recorded by the Target Company were approximately HK$300,000, HK$438,614 and HK$1,001,430, respectively. The increase in finance costs for the year ended 31 December 2019 was mainly due to the drawdown of new bank borrowings of HK$44.6 million in November 2019, and the further increase in 2020 was mainly due to the increase in average bank borrowing balance during that year.

Income tax expense

During the Relevant Period, the income tax expense recorded by the Target Company was approximately HK$108,646, HK$79,157 and HK$8,765 respectively.

Profit for the year

During the Relevant Period, the net profit recorded by the Target Company was approximately HK$5.27 million, HK$2.38 million and HK$2.99 million respectively.

Dividend paid

During the Relevant Period, the Target Company paid dividends of HK$nil, HK$nil and HK$36 million, respectively.

Liquidity and financial resources

The current ratio of the Target Company, calculated as current assets divided by current liabilities, as at 31 December 2018, 2019 and 2020 was approximately 0.01, 0.99, and 0.02 respectively. The cash and cash equivalents of the Target Company as at 31 December 2018, 2019 and 2020 was HK$32,847, HK$5,662,628 and HK$601,776 respectively, all of which were denominated in Hong Kong dollar. The significant increase in cash as at 31 December 2019 was due to the drawdown of new bank borrowings carrying a floating rate at Hong Kong Inter-bank Offering Rate plus 1.4% per annum in November 2019, while the decrease as at 31 December 2020 was due to the repayment of bank borrowings and payment of interest expense by the Target Company which was set off by the rental income and fund transfer from Star Properties Group (Cayman Islands) Limited, the intermediate holding company of the Target Company.

Gearing ratio

The gearing ratio of the Target Company was calculated by the total debts divided by the total equity as at the end of each financial year and multiplied by 100%. The gearing ratio as at 31 December 2018, 2019 and 2020 was approximately 32.68%, 97.92% and 277.02% respectively. The surge in gearing ratio as at 31 December 2019 and 2020 was due to the drawdown of new bank borrowings in 2019 and the payment of dividend that leads to the decrease in equity in 2020.

As at 31 December 2018, 2019 and 2020, the Target Company had bank borrowings of approximately HK$nil, HK$44.77 million and HK$35.61 million respectively, amount due to immediate holding company of approximately HK$nil, HK$0.59 million and HK$1.15 million respectively and amount due to fellow subsidiary of HK$nil, HK$nil and HK$0.12 million respectively. Under the Provisional Agreement, the bank borrowings will be repaid in full by the Target Company on Completion with part of the Consideration.

Charges on assets

As at 31 December 2019 and 31 December 2020, the Property together with the rental receivables was pledged to secure bank borrowings of the Target Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Relevant Period, the Target Company did not have any significant investments, material acquisitions and disposals.

SEGMENTAL INFORMATION

The operation of the Target Company represents a single operating and reportable segment, which is property investment. As such, there is no segment information available for the Relevant Period.

CAPITAL STRUCTURE

During the Relevant Period, the Target Company's capital structure comprises earnings from lease of the Property, bank borrowings and amount due to immediate holding company. The Target Company finances its operations and activities primarily by rental income generated from the tenancy of the Property subsisted during the Relevant Period.

The HK$36 million dividend paid by the Target Company during the year ended 31 December 2020 was applied to set off against the amount due from the immediate holding company of the Target Company in full.

FOREIGN EXCHANGE EXPOSURE

The Target Company's income and monetary assets and liabilities are denominated in Hong Kong dollars. There was no foreign exchange exposure during the Relevant Period. As at the Latest Practicable Date, the Target Company did not have a foreign currency hedging policy.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As at 31 December 2018, 2019 and 2020, the Target Company did not have material contingent liabilities and capital commitments.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Target Company had no plan for material investments or capital assets as at 31 December 2018, 2019 and 2020.

NUMBER OF EMPLOYEES

Given the size and scale of the operation of the Target Company, the Target Company did not have any employee during the Relevant Period.

The following is the text of a letter and valuation report, prepared for the purpose of incorporation in this circular, received from Centaline Surveyors Limited, an independent property valuer, in connection with their valuation of the Property.

7/F. Greenwich Centre
260 King's Road
North Point
Hong Kong

25 May 2021

Great Wall Belt & Road Holdings Limited
Room 1602, 16/F
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

VALUATION CERTIFICATE OF UNITS NOS. 4 & 6 ON 11TH FLOOR OF BLOCK A, SEA VIEW ESTATE, NO. 2 WATSON ROAD, HONG KONG FOR GREAT WALL BELT & ROAD HOLDINGS LIMITED

We refer to your instruction for us to value the captioned property (hereinafter referred to as the "**Property**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 15th April 2021 ("**Valuation Date**").

Our valuation of the Property has been based on the Market Value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumptions that the Property is sold in the open market value without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our report for any charges, mortgage or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the Property, we have valued the Property by using Direct Comparison Approach assuming sale of the Property in its existing state by making reference to comparable sales evidence as available in the relevant market.

We have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the information handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are only approximate. No on-site measurement has been taken to verify the correctness of the site area of the Property.

We have inspected the exterior and, where possible, the interior of the Property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during the construction period. Moreover, no structural survey however has been made, but in the course of our valuation, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

In valuing the Property, we have complied with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards (Edition 2020) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CENTALINE SURVEYORS LIMITED

Pamela W.I. Lam
Chartered Valuation Surveyor
MRICS MHKIS RPS (GP)
Director

Note: Pamela W. I. Lam is a Chartered Surveyor who has over 20 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of Occupancy	Market Value in existing state as at the Valuation Date
Units Nos. 4 & 6 on 11/F. of Block A, Sea View Estate, No. 2 Watson Road, Hong Kong. 273/95,000th equal and undivided shares of and in Section A of Marine Lot No. 293 and Inland Lot No. 1780. (Re: Unit No. 4, 11/F. of Block A) 270/95,000th equal and undivided shares of and in Section A of Marine Lot No. 293 and Inland Lot No. 1780. (Re: Unit No. 6, 11/F. of Block A)	Sea View Estate is situated at a corner site on the northeast side of Watson Road and the northwest side of Electric Road in the district of North Point of Hong Kong. It is also adjacent to a residential development known as Harbour Heights Tower. The immediate locality is predominated by private residential developments, industrial and commercial towers of various ages and heights. The Property comprises two workshops on 11th floor of a 15-storey industrial building. The building was completed in 1966. By scaling off the registered floor plan, the saleable area of the Property is about 4,178 sq.ft.. The Property is held under Government Lease as follows: i) For a term of 75 years from 5th November 1906 and renewable for a further term of 75 years. (Re: Section A of Marine Lot No. 293) ii) For a term of 75 years from 23rd December 1907 and renewable for a further term of 75 years. (Re: Inland Lot No. 1780). Rent Per Annum: HK$157,368.00.	According to the instructing party, the unit is tenanted to a mini storage company for a monthly rental of HK$101,258.00 exclusive of government rent, rates and management fee for a term commencing from 15/11/2019 to 03/09/2021. (Remarks: According to the instructing party, the instructing party plans to look for new tenant(s) upon expiry of the current tenancy agreement.)	HK$53,000,000.00 (HONG KONG DOLLARS FIFTY THREE MILLION ONLY)

Notes:

1) The registered owner of the Property is Palico Development Limited. The Property is held for investment purposes.

2) The Property is subject to the following encumbrances:

   i) Deed of Mutual Covenant vide Memorial No. UB2226951 dated 23rd January 1982.

   ii) Order No. "C/CB/003951/16/HK" by The Building Authority under Section 24(1) of The Buildings Ordinance vide Memorial No. 17012501700256 dated 29th December 2016. (Remarks: Certain building works of the tenant were found to be in violation of certain regulations in relation to fire services requirements and therefore subject to a removal order.)

   iii) Order No. "D00593/HK/16/CB" by The Building Authority under Section 26 of The Buildings Ordinance vide Memorial No. 17012501700268 dated 29th December 2016. (Remarks: Certain building works of the tenant were found to be in violation of certain regulations in relation to fire services requirements and therefore subject to a removal order.)

   iv) Mortgage vide Memorial No. 19120300830020 dated 5th November 2019 in favour of China Construction Bank (Asia) Corporation Limited.

   v) Assignment of Rentals vide Memorial No. 19120300830039 dated 5th November 2019 in favour of China Construction Bank (Asia) Corporation Limited.

3) The Property is zoned under the Approved North Point Outline Zoning Plan No. S/H8/26 for "Commercial (1)" purposes. This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as regional or district commercial/ shopping centre(s). These areas are usually major employment nodes.

4) The inspection was undertaken by Ms. Carrie Yu on 15th April, 2021 under the supervision of the Qualified Valuer, Ms. Pamela Lam, in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

   On-site inspections were carried out at the subject building and the surrounding area for the investigation of the physical attributes of the building and the nature of the locality. The Property was not available for our inspection and the external condition of the subject building was seen to be reasonably fair.

   Ms. Carrie Yu is currently a valuer of this professional practice in the General Practice Division of The Hong Kong Institute of Surveyors.

5) In undertaking our valuation of the Property, we have selected and adopted in the past 12 months sales of similar industrial properties in the same development of the Property as comparables.

6) There were in total 4 sales of industrial properties in the same development in the past 12 months, out of which 3 sales with similar size to the Property are selected as comparables. The fourth transaction took place in December 2020 but the unit rate per saleable square foot in that transaction was HK$7,455 and was disregarded by us as an outlier. The unit rate of the 3 comparables are in line. The comparables are exhaustive based on these selection criteria. Details of the industrial comparables are tabulated below:–

Date	**Comparable**	**Consideration** *(HK$)*	**Saleable Area** *(sq. ft.)*	**Unit Rate** *(per sq. ft.)*
Feb 2021	Unit No. 9 on 12/F. of Block B, Sea View Estate, Nso. 4&6 Watson Road	$12,000,000	949	$12,645
Dec 2020	Unit No. 1A on 3/F. of Block B, Sea View Estate, Nos. 4&6 Watson Road	$12,000,000	1,017	$11,799
Dec 2020	Units No. 1&2 on 14/F. of Block A, Sea View Estate, No. 2 Watson Road	$25,000,000	1,848	$13,528
			Average:	$12,657

7) The saleable unit rates of the industrial comparables range from HK$11,799 to HK$13,528 per sq.ft. In our valuation, we have considered the different attributes between the Property and the industrial comparables in terms of transaction time, quantum, building age, view, floor, aspect, and layout and have made adjustments accordingly.

8) In applying adjustments to the industrial comparable, if a industrial comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that industrial comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a saleable unit rate of approximately HK$12,700 per sq. ft. for the Property.

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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive 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), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Shares, underlying Shares and debentures of the Company

Name of director	Capacity	Number of Shares interested (long position)	Approximate percentage of shareholding *(Note 2)*
Cheung Siu Fai *(Note 1)*	Interest of a controlled corporation	556,762,589	53.01%

Notes:

1. The 556,762,589 Shares are beneficially owned by Beta Dynamic Limited which is wholly and beneficially owned by Mr. Cheung Siu Fai. Mr. Cheung Siu Fai is also the sole director of Beta Dynamic Limited.

2. The percentage was calculated based on 1,050,280,000 Shares, being the total issued share capital of the Company as at the Latest Practicable Date.

Interests in the shares, underlying shares and debentures of associated corporations of the Company

Name of director	Name of associated corporation	Capacity	Amount of registered capital interested	Approximate percentage of shareholding
Cheung Siu Fai	Beta Dynamic Limited *(Note 3)*	Beneficial owner	–	100%

Note:

3. Beta Dynamic Limited, which holds more than 50% of the total issued share capital of the Company, is the holding company of the Company and thus an associated corporation of the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions 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 will have 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 each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the table below lists out the person (other than the Directors or chief executives of the Company), who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange.

Name of Shareholder	Capacity	Number of Shares interested (long position)	Approximate percentage of shareholding *(Note 2 above)*
Beta Dynamic Limited	Beneficial owner	556,762,589	53.01%

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed directors had any interest, direct or indirect, in any assets which have been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

Save as disclosed below, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Enlarged Group.

The Company and Mr. Zhao Ruiyong entered into a loan agreement dated 30 August 2019 pursuant to which Mr. Zhao Ruiyong agreed to provide an unsecured and interest-free loan in the principal amount of up to HK$38,000,000 to the Company. The loan is currently repayable on demand.

The Company and Mr. Cheung Ka Heng Frankie entered into a loan agreement dated 30 August 2019 (as amended and supplemented from time to time) pursuant to which Mr. Cheung Ka Heng Frankie agreed to provide an unsecured and interest-free loan in the principal amount of up to HK$3,200,000 to the Company. The loan is currently repayable on demand.

The Company and Mr. Cheung Siu Fai entered into a loan agreement dated 19 October 2020 pursuant to which Mr. Cheung Siu Fai agreed to provide an unsecured loan in the principal amount of up to HK$10,000,000 to the Company with interest accruing at the rate of 12% per annum. The principal and interest accrued under the loan are repayable on demand.

Each of the loans above constitutes a fully-exempted connected transaction under Rule 14A.90 of the Listing Rules.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested 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 (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder).

6. DIRECTORS' SERVICE CONTRACTS

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

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts whose names, opinions and/or reports are contained in this circular:

Name	**Qualification**
Confucius International CPA Limited	Certified Public Accountants
Centaline Surveyors Limited	Independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and/or opinion and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following contracts, not being a contract entered into in the ordinary course of business of the Enlarged Group, was entered into by members of the Enlarged Group during the two years immediately preceding the date of this circular and is or may be material:

(a) the sale and purchase agreement dated 13 May 2020 (and subsequently terminated on 20 November 2020) entered into between the Company as vendor and Shaanxi China Investment Asset Management Company Limited* (陝西中投資產管理有限公司) (the "**Previous Purchaser**") as purchaser in relation to the sale and purchase of the entire interest in B&R Investment Holding Limited (the "**Previous Sale and Purchase Agreement**") for a consideration of RMB50,000,000;

(b) a termination deed dated 20 November 2020 entered into between the Company and the Previous Purchaser to terminate the Previous Sale and Purchase Agreement. In accordance with the terms of the Previous Sale and Purchase Agreement, the Company forfeited the deposit of RMB2,500,000 made by the Previous Purchaser;

(c) a sale and purchase agreement dated 20 November 2020 entered into between the Company and Vantage Network Global Limited in relation to the disposal of the entire interest in B&R Investment Holding Limited for a consideration of RMB47,500,000;

(d) a sale and purchase agreement dated 5 February 2021 entered into between ZONE Asia Holdings Limited (a wholly-owned subsidiary of the Company) as vendor and Mr. Stuart Hua Koon TAN as purchaser in respect of the sale and purchase of 15,000 shares (representing approximately 14.8% of shares in issue) in Zero1 Pte. Ltd., for a consideration of S$150,000 (approximately HK$868,500);

(e) the Provisional Agreement.

10. LITIGATION

Save as disclosed in note 24(c)(i) to the annual report of the Company for the financial year ended 31 December 2020 in connection with the legal proceedings initiated by the Group against a former Director (Mr. Yeung Chun Wai Anthony) for the return of certain shares in SingAsia Holdings Limited (stock code: 8293), as at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or claims of material importance pending or threatened against the Company or any member of the Enlarged Group.

11. MISCELLANEOUS

The company secretary of the Company is Mr. Leung Yung Yan. He is a member of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in the field of accounting, auditing and taxation.

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business in Hong Kong is Room 1602, 16/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited located at 4th floor, North Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited located at Level 54, Hopewell Centre, 183 Queens Road East, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong) at Suite 1602, 16/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong for a period of 14 days from the date of this circular:

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

(b) the annual reports of the Company for the two years ended 31 December 2019 and 2020;

(c) the accountants' report of the Target Company issued by Confucius International CPA Limited, the text of which is set out in Appendix II to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group issued by Confucius International CPA Limited, the text of which is set out in Appendix III to this circular;

(e) the property valuation report prepared by Centaline Surveyors Limited, the text of which is set out in Appendix V to this circular;

(f) the letters of consent from each of the experts referred to in the paragraph headed "8. Experts and consents" in this Appendix VI;

(g) the contracts referred to in the paragraph headed "Material Contracts" in this Appendix VI;

(h) the major transaction circular of the Company dated 24 February 2021; and

(i) this circular.