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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED**, you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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**HAO TIAN INTERNATIONAL  
CONSTRUCTION INVESTMENT GROUP LIMITED**

**昊天國際建設投資集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1341)**

**(1) MAJOR TRANSACTION IN RELATION TO  
ACQUISITION OF SALE SHARES INVOLVING ISSUE OF  
(I) CONSIDERATION SHARES UNDER SPECIFIC MANDATE;  
(II) CONSIDERATION NOTES; AND  
(III) CONSIDERATION CB UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" of this circular.

A notice convening the EGM to be held at 10/F, CKK Commercial Centre, 289 Hennessy Road, Wanchai, Hong Kong on Thursday, 31 December 2020 at 10:30 a.m., is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

11 December 2020

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on Shareholders, proxies and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue;
- (ii) Shareholders, proxies and other attendees are required to complete and submit a health declaration form providing their names and contact details, and confirming that they are not subject to quarantine and they, or to their best of knowledge, any person whom they have/had close contact with, have not entered Hong Kong from Mainland China or any overseas countries/areas at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the EGM venue;
- (iii) Shareholders, proxies and other attendees are required to wear surgical face masks inside the EGM venue at all times. Any person who does not comply with this requirement may be denied entry into the EGM venue; and
- (iv) no refreshments or drinks will be provided at the EGM.

To the extent permitted under law, the Company reserves the right to refuse admission of any person into the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.haotianint.com.hk>).

If you are not a registered shareholder (if your shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

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## DEFINITIONS

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

“ACH”	Abundant Choice Holdings Limited, a company registered in the British Virgin Islands with limited liability, which is directly interested in 4% of the issued share capital of the Project Company as at the Latest Practicable Date
“Acquisition”	the proposed acquisition of the Sale Shares by the Buyer from the Seller pursuant to the Sale and Purchase Agreement
“ALS”	Aceso Life Science Group Limited 信銘生命科技集團有限公司 (formerly known as Hao Tian Development Group Limited 昊天發展集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474), which is an indirect controlling shareholder of the Company
“ALS Board”	the board of directors of ALS
“ALS Group”	ALS and its subsidiaries, including without limitation the Group
“ALS Shareholders”	the shareholders of ALS
“Announcement”	the joint announcement of the Company and ALS dated 4 September 2020 in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day (other than any Saturday, Sunday or public holiday) on which clearing banks are open for normal banking business in sterling in the Hong Kong and Cambodia
“Buyer”	Victory Bright Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of ALS
“Cambodia”	the Kingdom of Cambodia

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## DEFINITIONS

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“CB Holder(s)”	the person(s) registered on the register of CB Holders of the Company as a holder of one or more Consideration CB from time to time
“CB Instrument”	the instrument constituting the Consideration CB
“CESIZ Shares”	39,600 ordinary shares in the Project Company held by the Target Company, representing 22% of the issued share capital of the Project Company as at the date of the Announcement
“CIFRS”	The Cambodian International Financial Reporting Standards adopted by the Cambodian Accounting Standards Board of the National Accounting Council, as approved by the Ministry of Economy and Finance of Cambodia
“Company”	Hao Tian International Construction Investment Group Limited (昊天國際建設投資集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1341)
“Completion”	the completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place, being the third (3rd) Business Day after the date upon which the last of the Condition(s) Precedent is satisfied or waived
“Conditions Precedent”	the condition(s) precedent set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration CB”	the 5.00% convertible bonds due 2024 in the aggregate principal amount of HK\$150,000,000 in denomination of HK\$10,000,000 each to be issued by the Company to the Seller or its nominee to settle part of the Total Consideration

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## DEFINITIONS

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“Consideration Note(s)”	the promissory notes in the aggregate principal amount of HK\$850,000,000 in denomination of HK\$50,000,000 each to be issued by the Company to the Seller or its nominee to settle part of the Total Consideration
“Consideration Share(s)”	500,000,000 Shares to be issued at the Issue Price by the Company to the Seller or its nominee to settle part of the Total Consideration
“Conversion Price”	the initial conversion price of HK\$0.30 per Conversion Share, subject to adjustments under the terms and conditions of the Consideration CB
“Conversion Shares”	up to the maximum of 500,000,000 Shares which fall to allotted and issued by the Company at the Conversion Price of HK\$0.30 per Share upon exercise of the conversion rights or otherwise pursuant to the CB Instrument
“Council of Ministers”	the highest administration authority of the Royal Government of Cambodia and headed by the Prime Minister of Cambodia
“COVID-19”	the disease named “COVID-19” by the World Health Organization, which is a respiratory disease caused by a novel coronavirus first detected in 2019
“Directors”	the directors of the Company
“Dividends”	in respect of the Target Company, all present and future dividends and distributions of any kind including cash dividends, stock dividends, liquidating dividends, non-cash dividends and any other sum received or receivable in respect of any of the CESIZ Shares owned by the Target Company
“EGM”	the extraordinary general meeting of the Company, to be held for the purpose of approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to (i) the Acquisition; (ii) the issue of the Consideration Notes; (iii) the issue of the Consideration CB; and (iv) the grant of the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares

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## DEFINITIONS

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“Encumbrance”	any equity, right to acquire, option, right of pre-emption, mortgage, charge, pledge, lien, assignment, title retention or any other security interest, whether monetary or not, or any agreement or arrangement having similar effect
“Enlarged Group”	the Group as enlarged by the Acquisition
“FCV”	Fine City Ventures Limited, a company registered in the British Virgin Islands with limited liability, which is directly interested in 23% of the issued share capital of the Project Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company (or ALS as the case may be) and its connected persons
“Independent Valuer”	JP Assets Consultancy Limited, an independent professional property valuer
“Issue Price”	the issue price of HK\$0.25 per Consideration Share
“Last Trading Day”	3 September 2020, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the date of the Sale and Purchase Agreement
“Latest Practicable Date”	7 December 2020, being the latest practical date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 January 2021, or such other date as may be agreed between the Seller and the Buyer in writing

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## DEFINITIONS

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“Mr. Vong”	Mr. Vong Pech, a Cambodian entrepreneur, who is directly interested in 51% of the issued share capital of the Project Company as at the Latest Practicable Date
“Ms. Lin”	Ms. Lin Yuan, the ultimate beneficial owner of the Seller
“Noteholder(s)”	the person(s) registered on the register of noteholder of the Company as a holder of one or more Consideration Notes from time to time
“Notes Instrument”	the instrument constituting the Consideration Notes
“Notes Maturity Date”	the last day of (i) the Initial Maturity Date; (ii) the Extended Maturity Date; (iii) the Further Extended Maturity Date (as the case may be), or any such other date as mutually agreed to in writing between, and shortened or extended by, the Company and the Noteholder(s)
“Pre-Feasibility Study”	the pre-feasibility study provided by the Project Company, the report of which is issued by Zhongjiao No.1 Navigation Engineering Survey and Design Institute Co., Ltd.* (中交第一航務工程勘察設計院有限公司) in relation to the Project
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this circular)
“Project”	the establishment by the Target Company of a special economic zone with a size of 17,252,519 square meters at Koh Kong Province, Cambodia, approved by the Council of Ministers
“Project Company”	CESIZ (Cambodia) Co., Ltd., a company incorporated in Cambodia with limited liability, which is directly owned as to 22% by the Target Company as at the date of the Announcement and immediately prior to Completion
“Project Land”	two parcels of land for the Project situated at Koh Kong Province, Cambodia with an aggregate size of 17,252,519 square meters



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## DEFINITIONS

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“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 September 2020 entered into among the Buyer, the Seller and the Company in respect of the Acquisition, as amended and supplemented by the Supplemental Agreements
“Sale Shares”	100 ordinary shares in the Target Company held by the Seller, representing the entire issued capital of the Target Company as at the date of the Announcement and immediately prior to Completion
“Seller”	Soaring Wealth Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Target Company, Mr. Vong, FCV and ACH in relation to the Project Company upon Completion
“Specific Mandate”	the specific mandate to be sought from the Shareholders for the allotment and issue of the Consideration Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement-1”	the first supplemental agreement to the Sale and Purchase Agreement dated 27 November 2020 entered into among the Buyer, the Seller and the Company, pursuant to which, the Long Stop Date has been extended from 30 November 2020 to 31 December 2020
“Supplemental Agreement-2”	the second supplemental agreement to the Sale and Purchase Agreement dated 7 December 2020 entered into among the Buyer, the Seller and the Company, pursuant to which, the Long Stop Date has been further extended from 31 December 2020 to 15 January 2021

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## DEFINITIONS

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“Supplemental Agreements”	collectively, Supplemental Agreement-1 and Supplemental Agreement-2
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Alcott Global Limited, a company incorporated in the British Virgin Islands with limited liability, which is directly wholly-owned by the Seller as at the date of the Announcement and immediately prior to Completion
“Total Consideration”	HK\$1,125,000,000, being the consideration payable by the Buyer to the Seller pursuant to the Sale and Purchase Agreement
“Valuation Report”	the valuation report dated 11 December 2020 issued by the Independent Valuer, regarding the valuation of the Project Land as at 30 September 2020. A copy of the valuation report including assumptions, basis and methodology of the valuation, have been included in Appendix VI to this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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LETTER FROM THE BOARD

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**HAO TIAN INTERNATIONAL  
CONSTRUCTION INVESTMENT GROUP LIMITED**

**昊天國際建設投資集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1341)**

*Executive Directors:*

Mr. Fok Chi Tak (*Chief executive officer*)

Mr. Zheng Li

Mr. Tang Yiu Chi James

Dr. Zhiliang Ou, *J.P., (Australia)*

*Registered office:*

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

*Non-executive Directors:*

Mr. Xu Lin

Mr. Wei Bin

*Head office and principal place*

*of business in Hong Kong:*

Rooms 2510–2518, 25/F

Shui On Centre

6–8 Harbour Road, Wanchai

Hong Kong

*Independent Non-executive Directors:*

Mr. Lee Chi Hwa Joshua

Mr. Mak Yiu Tong

Mr. Li Chi Keung Eliot

Mr. Shek Lai Him Abraham

11 December 2020

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO  
ACQUISITION OF SALE SHARES INVOLVING ISSUE OF  
(I) CONSIDERATION SHARES UNDER SPECIFIC MANDATE;  
(II) CONSIDERATION NOTES; AND  
(III) CONSIDERATION CB UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to (i) the Announcement dated 4 September 2020 in relation to, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the announcements of the Company dated 27 November 2020 and 7 December 2020 in relation to, among other things, the Supplemental Agreements for the extension of the Long Stop Date.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details on the Acquisition; (ii) other information as required under the Listing Rules; and (iii) the notice of the EGM.

### THE SALE AND PURCHASE AGREEMENT

On 4 September 2020 (after trading hours), the Company, the Buyer (an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of ALS) and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares at the Total Consideration of HK\$1,125,000,000.

Principal terms of the Sale and Purchase Agreement are set out below:

- Date: 4 September 2020 (after trading hours)
- Parties:
- (i) Victory Bright Limited, an indirect wholly-owned subsidiary of the Company and an indirect non-wholly owned subsidiary of ALS, as Buyer;
  - (ii) Soaring Wealth Ventures Limited, as Seller; and
  - (iii) the Company

As at the Latest Practicable Date, the Target Company is owned as to 100% by the Seller. The ultimate beneficial owner of the Seller is Ms. Lin. To the best of the knowledge, information and belief of the Board, and having made all reasonable enquiries, each of the Seller and its ultimate beneficial owner is an Independent Third Party of the Company and its connected persons.

### Subject matter

Pursuant to the Sale and Purchase Agreement, the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares at the Total Consideration.

The Sale Shares, representing the entire issued share capital of the Target Company, will be sold free from any Encumbrance and together with all rights as at or after the date of the Sale and Purchase Agreement attaching to them, including but not limited to all dividends paid, declared or made in respect thereof, on and subject to the terms and conditions of the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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### **Consideration**

Pursuant to the Sale and Purchase Agreement, the Total Consideration payable to the Seller at Completion shall be HK\$1,125,000,000, which shall be settled upon Completion in the following manner:

- (a) HK\$125,000,000 shall be satisfied by the allotment and issue of 500,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.25 per Consideration Share to the Seller (or its nominee);
- (b) HK\$850,000,000 shall be satisfied by the issue of the Consideration Notes by the Company to the Seller (or its nominee) in the aggregate principal amount of HK\$850,000,000; and
- (c) HK\$150,000,000 shall be satisfied by the issue of Consideration CB by the Company to the Seller (or its nominee) in the aggregate principal amount of HK\$150,000,000 with the Conversion Price of HK\$0.30 per Conversion Share convertible into a maximum of 500,000,000 Conversion Shares.

The Total Consideration was determined after arm's length negotiations between the Buyer and the Seller on normal commercial terms taking into account of, among other things, (i) the net assets value of the Project Company; (ii) the preliminary valuation prepared by the Independent Valuer in relation to the fair value of the Project Land; and (iii) the future business prospects of the Project Company. The Board considers that the Total Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **Consideration Shares**

Pursuant to the Sale and Purchase Agreement, the Company will allot and issue, credited as fully paid, 500,000,000 Consideration Shares at the Issue Price to the Seller (or its nominee), as part of the Total Consideration.

#### *Number of Consideration Shares*

As at the Latest Practicable Date, there are a total of 5,287,954,561 Shares in issue. Based on the Issue Price, the total number of Consideration Shares represents:

- (i) approximately 9.46% of the total number of the Shares in issue as at the Latest Practicable Date;
- (ii) approximately 8.64% of the total number of the Shares as enlarged by the allotment and issue of the Consideration Shares but before the conversion of the Consideration CB in full; and

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## LETTER FROM THE BOARD

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- (iii) approximately 7.95% of the total number of the Shares as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon the conversion of the Consideration CB in full.

### *Issue Price*

The Issue Price of HK\$0.25 per Consideration Share represents:

- (i) a discount of approximately 21.9% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.6% to the average closing price of HK\$0.323 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 21.1% to the average closing price of approximately HK\$0.317 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 24.2% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 12.1% over the net assets value per Share of approximately HK\$0.223 based on the audited consolidated net assets value of the Company as at 31 March 2020.

The Issue Price was determined after arm's length negotiations during the period from 24 July 2020 to 13 August 2020 between the Buyer and the Company on one hand and the Seller on the other, and was agreed in principle around mid-August 2020 with reference to the prevailing trading price of the Shares during the period of the negotiation (i.e. from 24 July 2020 to 13 August 2020) where the price per Share ranged from HK\$0.227 to HK\$0.29, with an average closing price of HK\$0.2594 per Share. The Issue Price represents a discount of approximately 3.62% to such average closing price of HK\$0.2594 per Share. The Board considers that the Issue Price is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Consideration Shares will be allotted and issued under the Specific Mandate. The Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue including the rights to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of allotment and issue.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

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## LETTER FROM THE BOARD

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### Consideration Notes

Pursuant to the Sale and Purchase Agreement, the Company will issue the Consideration Notes in the aggregate principal amount of HK\$850,000,000 to the Seller (or its nominee), as part of the Total Consideration.

The principal terms and conditions of the Consideration Notes are summarised as follows:

Issuer	:	the Company
Noteholder	:	the Seller (or its nominee)
Principal amount	:	HK\$850,000,000
Denomination	:	HK\$50,000,000 per Considerate Note
Notes Maturity Date	:	The date falling the third anniversary of the date of issue of the Consideration Notes (i.e. the Completion Date) (the “ <b>Initial Maturity Date</b> ”), subject to the extension at the option by the Company.

The Company shall at its sole discretion extend the Initial Maturity Date on which the Consideration Notes are outstanding for a further term of one year (the “**Extended Maturity Date**”) if there is any outstanding amount under the Consideration Notes on the last day of the Initial Maturity Date.

If there is any outstanding amount under the Consideration Notes on the last day of the Extended Maturity Date, the Company shall at its sole discretion further extend the Extended Maturity Date for another term of one year (the “**Further Extended Maturity Date**”) and such Further Extended Maturity Date is, at the Company’s option, extendable for such successive term(s) of one year until there is no outstanding amount under the Consideration Notes.

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## LETTER FROM THE BOARD

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Interest : The Company shall pay interest on the outstanding principal amount of the Consideration Notes, at five percent (5%) per annum, from and including the first date of the relevant financial year of the Project Company (i.e. 1 January to 31 December) (the “**Financial Year**”) up to (and including) the last date of the relevant Financial Year, payable in arrears on the last Business Day in each Financial Year, conditional upon the satisfaction of the following conditions in that Financial Year:

- (a) the Buyer having received audited financial statement of the Project Company for the previous Financial Year prepared in accordance with the Project Company’s accounting policies and HKFRS (the “**Account**”); and
- (b) the return on net assets of the Project Company, calculated by dividing net profit after tax of the Project Company in the Account over net assets of the Project Company in the Account, for the previous Financial Year achieved 20% or more.

For the avoidance of doubt, the Consideration Notes shall bear zero interest if any of the conditions (a) and/or (b) as set out above is not satisfied.

Transferability : The Consideration Notes are freely transferable in whole or in part in integral multiples of the authorised denomination to any Independent Third Parties at any time and from time to time during the period of the term of the Consideration Notes provided that (i) the prior written consent from the Company has been obtained; and (ii) a written notice of the Noteholder’s intention of the transfer has been served on the Company.

Early redemption : The Company shall have the right (but not the obligation) to redeem all or any part of any Consideration Notes on any Business Day prior to the relevant Notes Maturity Date at Early Redemption Price and in accordance with other terms and conditions set forth in the Notes Instrument. The right of early redemption of the Company may be exercised by the Company giving no less than fifteen (15) Business Days’ prior notice to the Noteholder in writing.



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## LETTER FROM THE BOARD

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Early Redemption Price : The aggregate of (i) the outstanding principal amount of the relevant Consideration Notes, and (ii) all accrued and unpaid interest and any other outstanding amount accrued and payable under the relevant Consideration Notes pursuant to the Notes Instrument (the “**Early Redemption Price**”).

Redemption upon maturity : The maximum amount of redemption price that the Company shall pay on the relevant Notes Maturity Date shall not exceed the Capped Redemption Price.

If the Capped Redemption Price is less than HK\$50,000,000 on the relevant Notes Maturity Date, the Company shall not be required to redeem any Consideration Note on the relevant Notes Maturity Date.

If there is any outstanding amount under the Consideration Notes on any relevant Notes Maturity Date, the term of the Consideration Notes shall be extended with reference to the conditions headed “Notes Maturity Date” as set out above.

Capped Redemption Price : The Capped Redemption Price shall be an amount calculated in accordance with the following formula:

$$X = A - B - C$$

Where:

“X” means the Capped Redemption Price payable on the relevant Notes Maturity Date;

“A” means the Dividends declared by the Project Company and received by the Target Company on or before the relevant Notes Maturity Date plus proceeds arising out of (i) the Company’s disposal of its shareholdings in the Buyer or the Target Company on or before the relevant Notes Maturity Date (if any); and/or (ii) the Target Company’s disposal of the CESIZ Shares on or before the relevant Notes Maturity Date (if any);

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## LETTER FROM THE BOARD

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“B” means aggregated sum of principal amount of the Consideration Note(s) together with all interest and all other amounts accrued that have been redeemed as of the relevant Notes Maturity Date (if any); and

“C” means costs, being the sum of (a) any accrued but unpaid inception costs of the Consideration Notes; and (b) any outstanding accrued on-going legal, advisory and other operating expenses in respect of the Consideration Notes.

The source of Capped Redemption Price shall come from (i) Dividends declared by the Project Company and received by the Target Company; (ii) proceeds received from the Company’s disposal of its shareholdings in the Buyer or the Target Company on or before the relevant Notes Maturity Date (if any); and/or (iii) proceeds received from the Target Company’s disposal of the CESIZ Shares on or before the relevant Notes Maturity Date (if any), which will be first applied to pay off the Consideration Notes.

- Ranking : The Consideration Notes will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Company and will at all times rank at least *pari passu* with other present and future direct, general, unsecured, unconditional and unsubordinated obligations of the Company.
- Listing : No application will be made for the listing of, or permission to deal in, the Consideration Notes on the Stock Exchange or any other stock exchange.

### Consideration CB

Pursuant to the Sale and Purchase Agreement, the Company will issue the Consideration CB in aggregate principal amount of HK\$150,000,000 entitling the Seller (or its nominee) to convert into a maximum of 500,000,000 Conversion Shares with the Conversion Price of HK\$0.30 per Conversion Share, as part of the Total Consideration.

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## LETTER FROM THE BOARD

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The principal terms of the Consideration CB are summarised as follows:

- Issuer : the Company
- CB Holder : the Seller (or its nominee)
- Denomination : HK\$10,000,000 per Consideration CB
- Principal amount : HK\$150,000,000
- Maturity date : The date falling on third anniversary of the date of issue of the Consideration CB (or, if that is not a Business Day, the first Business Day thereafter) (the “**CB Maturity Date**”)
- Interest : 5.00% per annum payable on an annual basis
- Conversion rights : The CB Holder has the right to convert the Consideration CB (in part or in whole) of the outstanding principal amount of the Consideration CB at any time during the Conversion Period, provided that no conversion right may be exercised to the extent that (i) as a result of such exercise, the public float of the Company as prescribed under the Listing Rules cannot be maintained; or (ii) as a result of such exercise, the CB Holder and/or parties acting in concert (as defined in the Takeovers Code) with it is required by regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code, unless the CB Holder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code.
- Conversion period : The period commencing from the day immediately following the date of the issue of the Consideration CB up to 4:00 p.m. (Hong Kong time) on the CB Maturity Date (the “**Conversion Period**”)
- Conversion Price : The initial conversion price of HK\$0.30 per Conversion Share (subject to adjustments as provided for in the CB Instrument)
- Redemption : Unless the Consideration CB has been repaid or converted, the outstanding principal of Consideration CB will be due and payable on the CB Maturity Date

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## LETTER FROM THE BOARD

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- Early redemption : The Company shall be entitled at its sole discretion at any time before the CB Maturity Date and from time to time by serving at least ten (10) days prior written notice (the “**Early Redemption Notice**”) to the CB Holder, to redeem all or part of the outstanding Consideration CB at 100% of the outstanding principal amount of such Consideration CB together with interest accrued to the date fixed for redemption as set out in the Early Redemption Notice.
- Ranking : The Consideration CB constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Consideration CB shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Transferability : Subject to certain condition in the CB Instrument, the Consideration CB shall be transferable immediately after issue in whole multiples of HK\$10,000,000 upon giving prior written notice of such transfer to the Company (or such lesser amount as may represent the entire principal amount thereof) and may be transferred to any person.
- Save with the consent of the Company and the Stock Exchange, none of the Consideration CB may be transferred to a connected person of the Company.
- Voting : The CB Holder shall not be entitled to attend or vote at any Shareholders’ meetings of the Company by reason only it being the CB Holder.
- Listing : No application will be made for the listing of, or permission to deal in, the Consideration CB on the Stock Exchange or any other stock exchange.

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## LETTER FROM THE BOARD

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### Conversion Shares

#### *Number of Conversion Shares*

As at the Latest Practicable Date, there are a total of 5,287,954,561 Shares in issue. Assuming the conversion rights attached to the Consideration CB are exercised in full at the Conversion Price, a maximum of 500,000,000 Conversion Shares will be allotted and issued. The total number of Consideration Shares represents:

- (i) approximately 9.46% of the total number of Shares in issue as at the Latest Practicable Date;
- (ii) approximately 8.64% of the total number of Shares as enlarged by the allotment and issue of the Consideration Shares but before conversion of the Consideration CB in full; and
- (iii) approximately 7.95% of the total number of Shares as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion of the Consideration CB in full.

#### *Conversion Price*

The Conversion Price of HK\$0.30 per Conversion Share represents:

- (i) a discount of approximately 6.3% to the closing price of the Shares of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 7.1% to the average closing price of the Shares of approximately HK\$0.323 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 5.4% to the average closing price of approximately HK\$0.317 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.1% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 34.5% over the net assets value per Share of approximately HK\$0.223 based on the audited consolidated net assets value of the Company as at 31 March 2020.

The Conversion Price was determined after arm's length negotiations during the period from 24 July 2020 to 13 August 2020 between the Buyer and the Company on the one hand and the Seller on the other, and was agreed in principle around mid-August 2020, taking into account,

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## LETTER FROM THE BOARD

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among other things, the prevailing market performance of the Shares during the period of the negotiation (i.e. from 24 July 2020 to 13 August 2020) where the price per Share ranged from HK\$0.227 to HK\$0.29, with an average closing price of HK\$0.2594 per Share. The Conversion Price represents a premium of approximately 15.65% over such average closing price of HK\$0.2594 per Share. The Board considers that the Conversion Price is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Conversion Price is subject to adjustments in accordance with the terms and conditions set out in the CB Instrument upon the occurrence of the following specific events:

- (i) where there is an alteration to the nominal amount of a Share by reason of any consolidation or subdivision of the Shares;
- (ii) where the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) where the Company makes (whether on a reduction of capital or otherwise) any capital distribution (as defined in the CB Instrument) to the Shareholders or grants to the Shareholders rights to acquire for cash assets of the Group;
- (iv) where the Company offers new Shares to the Shareholders for subscription by way of rights, or grants to the Shareholders any options or warrants to subscribe for new Shares, at a price per Share which is less than 80% of the market price (as defined in the CB Instrument) of the Share as at the date of the announcement of the terms of the offer or grant;
- (v) where the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, and the total effective consideration (as defined in the CB Instrument) per new Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) where the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph (v) above are modified so that the total effective consideration (as defined in the CB Instrument) per new Share initially receivable for such securities shall be less than 80% of the market price as at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription; or
- (vii) where the Company issues wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue.

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## LETTER FROM THE BOARD

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The Conversion Shares will be allotted and issued under the Specific Mandate. The Conversion Shares shall rank *pari passu* in all respects with the then fully paid Shares in issue on the date of allotment and issue including the rights to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of allotment and issue of the Conversion Shares.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

### Conditions Precedent

Completion of the Acquisition shall be conditional upon the fulfilment of the following Conditions Precedent:

- (a) the Buyer having conducted due diligence exercise (legal and financial) on the Target Company, the Project Company and the Project Land and being satisfied with the results thereof;
- (b) all warranties, representation and/or undertakings given by the Seller under the Sale and Purchase Agreement remaining true, accurate and not misleading at all material aspects at all times between the date of the Sale and Purchase Agreement and the Completion Date (as if they had been made on such dates by reference to the facts and circumstances then subsisting), and there having been no breach by the Seller of the Sale and Purchase Agreement;
- (c) there having been no material change, or any development likely to involve a prospective material adverse change in the condition (financial or operational or otherwise) or in the earnings, business affairs or business prospects, assets or liabilities of the Target Company, the Project Company and/or the Project Land, whether or not arising in the ordinary course of business of the Target Company and/or the Project Company;
- (d) a valuation report of the Project Land having been issued by an independent valuer appointed by the Buyer in the form and substance to the satisfaction of the Buyer and the valuation of the Project Land being not less than HK\$5,080,000,000;
- (e) the ALS Shareholders (other than those who are required to abstain from voting under the Listing Rules (if any)) and the Shareholders (other than those who are required to abstain from voting under the Listing Rules (if any)) respectively having passed at an extraordinary general meeting resolutions approving the entering into, execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder, including without limitation the Acquisition, the issue and allotment of the Consideration Shares, the issue of the Consideration Notes, the issue of the Consideration CB and the issue and allotment of the Conversion Shares issuable

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## LETTER FROM THE BOARD

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under the Consideration CB to the Seller (or its nominee) and having given any other approvals or notifications as may be required under the Listing Rules and other applicable laws;

- (f) the Company having obtained an approval from the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares and such listing and permission not being subsequently revoked prior to the issue and allotment of the Consideration Shares and the Conversion Shares; and
- (g) (if required) all necessary waivers, consents, approvals (including shareholders' approval), permits and/or authorisations from any relevant governments, regulatory authorities and/or other relevant third parties in respect of the transactions contemplated under the Sale and Purchase Agreement on the part of the Buyer or ALS or the Company having been obtained.

The Buyer may waive in writing any of the above Conditions Precedent (a) to (d) (to the extent permitted under the Listing Rules or applicable laws) at its sole and absolute discretion. This gives the Buyer flexibility to determine whether a change in the circumstances (e.g. a minor breach in the warranties, representation and/or undertakings by the Seller, or an immaterial change in a certain aspect of the Target Company, the Project Company and/or the Project Land, or an insubstantial difference to the requisite valuation of the Project Land) would only have immaterial impact to the Company's investment in the Project, taking into account the assessment on the merits and strategic benefits that may be delivered by the Project, such that a waiver may be needed to proceed to Completion. As at the Latest Practicable Date, Condition Precedent (a) had already been satisfied. Condition Precedent (d) will be satisfied as at the date of the Valuation Report (i.e. 11 December 2020), which is set out in Appendix VI to this Circular. The Buyer will not exercise the discretion to waive Conditions Precedent (b) and (c) should the grant of a waiver affect the fairness and reasonableness of the terms of the Sale and Purchase Agreement or is not in the best interest of the Group and the Shareholders as a whole.

Conditions Precedent (e) to (g) shall not be waived by any party to the Sale and Purchase Agreement.

If any of the Conditions Precedent set out above have not been fulfilled or waived on or before the Long Stop Date, the Sale and Purchase Agreement shall lapse and become null and void (except the confidentiality obligations and certain clauses as specified therein), and the parties of the Sale and Purchase Agreement shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

### **Completion**

Subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on the Completion Date.



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## LETTER FROM THE BOARD

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Upon Completion, the Buyer will hold the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Group and an indirect non-wholly owned subsidiary of the ALS Group. The financial results of the Target Company will be consolidated into the financial statements of each of the Group and the ALS Group.

### **Specific Mandate**

The Consideration Shares and Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought by the Company at the EGM. The Consideration Shares and Conversion Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares and Conversion Shares.

### **THE SUPPLEMENTAL AGREEMENTS**

On 27 November 2020 (after trading hours), the Company, the Buyer and the Seller entered into Supplemental Agreement-1, pursuant to which the Long Stop Date was extended from 30 November 2020 to 31 December 2020 or such other date as may be agreed between the Seller and the Buyer in writing. Save as disclosed above, all other terms of the Sale and Purchase Agreement shall remain unchanged and in full force and effect.

On 7 December 2020 (after trading hours), the Company, the Buyer and the Seller entered into Supplemental Agreement-2, pursuant to which the Long Stop Date was further extended from 31 December 2020 to 15 January 2021 or such other date as may be agreed between the Seller and the Buyer in writing. Save as disclosed above, all other terms of the Sale and Purchase Agreement shall remain unchanged and in full force and effect.

### **THE SHAREHOLDERS' AGREEMENT**

The Target Company, Mr. Vong, FCV and ACH shall enter into the Shareholders' Agreement upon Completion to record the respective rights and obligations of the Target Company, Mr. Vong, FCV and ACH as shareholders of the Project Company.

Principal terms of the Shareholders' Agreement are as follows:

#### **Parties**

- (a) The Target Company;
- (b) Mr. Vong;
- (c) FCV; and
- (d) ACH.

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## LETTER FROM THE BOARD

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### **Shareholding structure of the Project Company**

As at the date of the Latest Practicable Date and immediately prior to Completion, the Target Company, Mr. Vong, FCV and ACH were and will be respectively interested in 22%, 51%, 23% and 4% of the issued share capital of the Project Company.

### **General quorum and voting in general meetings of the Project Company**

All general meetings of the shareholders of the Project Company (the “**PC Shareholder(s)**”) shall require the presence of two PC Shareholders, which shall include the Target Company.

Each fully paid-up share in the Project Company (the “**PC Share(s)**”) shall be entitled to vote (by poll) at a general meeting of the PC Shareholders.

### **Board composition of the Project Company**

The board (the “**PC Board**”) of director(s) (the “**PC Director(s)**”) of the Project Company shall consist of five PC Directors appointed as follows:

- (a) up to two PC Directors shall be appointed by or on the nomination of the Target Company, so long as the Target Company and its affiliates continue holding 20% or more of the PC Shares; and
- (b) up to three PC Directors shall be appointed by or on the nomination of Mr. Vong, FCV and ACH altogether, so long as Mr. Vong, FCV and ACH altogether continue holding 50% or more of the PC Shares.

The PC Shareholders who have the right to nominate a PC Director also have the right to immediately remove and replace that PC Director.

The chairman of the PC Board shall be nominated by Mr. Vong, FCV and ACH altogether. The vice-chairman of the PC Board shall be nominated by the Target Company.

### **Quorum and voting of the PC Board**

Unless otherwise authorised by a resolution approved by all PC Shareholders, a PC Board meeting requires a quorum of three PC Directors, at least one of which must be a PC Director nominated by the Target Company. Each PC Director, including the chairman of the PC Board, shall have one vote. A PC Director may also vote as a proxy for one or more other PC Director(s).

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## LETTER FROM THE BOARD

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### **Right of first refusal**

If any PC Shareholder (the “**Selling PC Shareholder**”) proposes to transfer all or any portion of its/his PC Shares to a third-party purchaser, the Selling PC Shareholder shall first give written notice (the “**Transfer Notice**”) to the remaining PC Shareholders (the “**Remaining PC Shareholders**”) and the Project Company, setting out the number of the PC Shares it/he proposes to transfer (the “**Transfer PC Shares**”) and the material terms and conditions of such proposed transfer (excluding the price, but including the proposed completion period). The Remaining PC Shareholders shall have 30 Business Days from the date of receipt of the Transfer Notice (the “**ROFO Period**”) to give written notice (the “**Offer Notice**”) to the Selling PC Shareholder and the Project Company to make an irrevocable offer to purchase in cash all of the Transfer PC Shares at any price (the “**Prescribed Price**”) and on the same terms specified in the Transfer Notice.

### **Tag-along right**

Upon the expiry of the ROFO Period, and in the case where the Selling PC Shareholder is Mr. Vong, FCV or ACH, (1) if no Offer Notice is received by the Selling PC Shareholder; or (2) if the Selling PC Shareholder receives Offer Notice(s) but decides not to accept any such offer(s); or (3) if the Selling PC Shareholder receives Offer Notice(s), and decides to accept an offer from another PC Shareholder, if any, then the Selling PC Shareholder may only transfer the Transfer PC Shares (the “**Sale Shares**”) to any bona fide third party purchaser (in the case of (1) or (2) above) or such PC Shareholder (in the case of (3) above), provided that a tag-along right shall be given to the Remaining PC Shareholders.

### **Issue of the PC Shares**

The Project Company shall not issue any PC Shares, or any rights, options or convertible securities in respect of the PC Shares, except where such issuance shall be offered for subscription to the PC Shareholders on a pro rata basis.

### **Reserved matters**

Each of the following reserved matters (the “**Reserved Matters**”), (a) to the extent it requires resolution of an annual general meeting (the “**PC AGM**”) or extraordinary general meeting (the “**PC EGM**”) of the Project Company under applicable laws, may only be passed by a PC AGM or PC EGM through special resolution with the consent of the Target Company, so long as the Target Company and its affiliates hold 20% or more of the PC Shares as of the time such PC AGM or PC EGM is held; or (b) to the extent it does not require resolution of a PC AGM or PC EGM of the Project Company under applicable laws, may only be approved by the PC Board with the consent of at least one PC Director appointed or nominated by the Target Company and at least one PC Director appointed or nominated by Mr. Vong, FCV and ACH altogether.

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## LETTER FROM THE BOARD

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- (1) save as contemplated by the Shareholders' Agreement, the alteration of the articles of incorporation of the Project Company;
- (2) any amalgamation, demerger, merger, reorganisation, corporate reconstruction, or consolidation of the Project Company;
- (3) filing for bankruptcy, reorganisation, composition, liquidation, dissolution, winding up or similar proceedings for the Project Company;
- (4) any change (including cessation) in the business or its strategic direction, other than changes contemplated in the most recent business plan;
- (5) approval of and any material changes to the annual budget of the Project Company;
- (6) the creation of any encumbrance over the land of the Project Company other than for the sole benefit of the Project Company or its subsidiaries;
- (7) the borrowing of money or obtaining any advance, credit or financial accommodation or incurring indebtedness in any form other than as contemplated in the budget approved by the PC Board or with a total value of not more than 50% of the total assets of the Project Company over a 12-month period;
- (8) the removal or appointment of the auditors or any other professional advisers to the Project Company, other than the reappointment of existing advisers;
- (9) the alteration of the accounting reference date of the Project Company or the alteration of the accounting policies or practices, bases or methods of the Project Company except as required by law or to comply with a new accounting standard;
- (10) save as contemplated by the Shareholders' Agreement, the entry into or creation by the Project Company of any agreement, arrangement or obligation requiring the creation, allotment, issue, disposal, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the creation, allotment, issue, disposal, redemption or repayment of, a share in the capital of the Project Company (including an option or right of pre-emption or conversion), including any issue of new shares or securities convertible into shares by the Project Company at a price per PC Share which is less than the net asset value per PC Share by reference to the latest audited accounts available;

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## LETTER FROM THE BOARD

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- (11) any variation, creation, increase, reorganisation, consolidation, sub-division, conversion, reduction, redemption, repurchase, re-designation, redenomination or other alteration of the authorised or issued share or loan capital of the Project Company;
- (12) the reduction, capitalisation, repayment or distribution of any amount standing to the credit of the share capital, share premium account, capital redemption reserve or any other reserve of the Project Company, or the reduction of any uncalled liability in respect of partly paid shares of the Project Company; and
- (13) the establishment of any pension, retirement, death or disability or life assurance scheme, or any employees' share scheme or employee trust or share ownership plan, share option or shadow share option scheme, or other profit sharing, bonus or incentive scheme in each case for any of the directors, employees or former directors or employees (or dependants thereof) of the Project Company, the variation of the terms or rules of any such new or any existing scheme, the appointment and removal of any trustee or manager of such a scheme or the allocation of options or other entitlements or the making of any payments under any such scheme.

### **Dividends**

Subject to any applicable laws and regulations, and unless the PC Shareholders resolve otherwise to retain adequate reserves to meet the Project Company's working capital requirement and future growth, such as funding the Project, repaying any external financing (e.g. bank loans) taken by the Project Company during the development of the Project and so on, the total amount of dividends attributable to the PC Shareholders in respect of any Financial Year shall not be less than 30% of the net profits of the Project Company as shown in the audited financial statements of the Project Company for each financial year end. Each PC Shareholder is entitled to the dividend declared in proportional to their respective shareholding in the Project Company.

Pursuant to the Notes Instrument, the repayment arrangements of the Consideration Notes (which makes up the largest portion of the Total Consideration) involves the mechanism of the Capped Redemption Price, the source of which consists of mainly dividends declared by the Project Company and received by the Target Company on or before the relevant Notes Maturity Date. In addition, whether or not the Seller can receive interest (at 5% per annum) on the outstanding principal amount of the Consideration Notes is conditional upon the satisfaction that the return on net assets of the Project Company for the previous Financial Year achieves 20% or more. In other words, the ability of the Seller to receive the aggregate principal amounts of HK\$850,000,000 and also interests under the Consideration Notes, are highly dependent on the distribution of the dividends and income from the Project Company to the Target Company. Such repayment structure of the

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## LETTER FROM THE BOARD

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Consideration Notes was agreed among the parties (including Mr. Vong, being the controlling shareholder of the Project Company) during the negotiation in relation to the Acquisition and was designed to safeguard the distribution of dividends and income from the Project Company to the Target Company.

### **The Company's involvement in the development and operation of the Project Company**

After Completion, the Company's involvement in the development and operation of the Project Company will mainly be made through the appointment of directors to the Project Company. The PC Directors shall manage the Project Company in accordance with the provisions of the Shareholder's Agreement and shall have full power and authority to manage the affairs of the Project Company.

The business plan for the Project Company (the "**Business Plan**") will form the basis of how the Project Company is managed and operated. The format of the Business Plan shall be determined by the PC Board and the Business Plan shall be as approved for the applicable Financial Year (or part thereof) by the PC Board. In each case the Business Plan may contain such conditions, guidance and restrictions as the PC Board deems appropriate, and may be modified by the PC Board from time to time. No later than 60 days before the commencement of each Financial Year, the PC Board shall vote on a proposed Business Plan for the following Financial Year (or part thereof in the case of the first Business Plan). Each Business Plan shall detail the strategic plan and projected revenue and costs of the Project Company for the coming twelve months. The PC Board will also compare actual with projected results for the previous Financial Year, and discuss the reasons for differences. The Business Plan development and refinement shall be a continuing activity throughout the existence of the Project Company.

### **INFORMATION REGARDING THE GROUP AND THE BUYER**

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The Company is an investment holding company and the Group is principally engaged in (a) provision of financial services and related financial advisory services through subsidiaries licensed to conduct (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) money lending activities; and (iii) brokerage of general insurance and long term (including linked long term) insurance; and (b) rental and trading of construction machinery.

It is the intention of the Company that the Group will continue to focus on the development of its existing businesses while identifying potential business opportunities in order to optimise the capital resources of the Group.

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## LETTER FROM THE BOARD

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The Buyer is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, the Buyer is an indirect wholly-owned subsidiary of the Company, and therefore an indirect non-wholly owned subsidiaries of ALS. The Buyer is principally engaged in investment holding.

### INFORMATION REGARDING THE SELLER

The Seller is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The ultimate beneficial owner of the Seller is Ms. Lin. Ms. Lin is an experienced investor and has investments in China and South East Asia.

To the best of the knowledge, information and belief of the Board, and having made all reasonable enquiries, each of the Seller and its ultimate beneficial owner is an Independent Third Party of the Company and its connected persons.

### INFORMATION REGARDING THE TARGET COMPANY AND THE PROJECT COMPANY

#### The Target Company

The Target Company is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is directly wholly owned by the Seller. The major asset of the Target Company is 22% of the issued share capital of the Project Company.

#### The Project Company

The Project Company is a company incorporated in Cambodia with limited liability in 2017, which is directly owned as to 22% by the Target Company as at the Latest Practicable Date. As at the Latest Practicable Date, the remaining 78% interest in the Project Company are held by:

- (i) Mr. Vong, who is interested in 51% of the issued share capital of the Project Company. Mr. Vong is a Cambodian entrepreneur and principally engaged in real estate and urban city development in Cambodia and has extensive experience in the sector;
- (ii) FCV, which is interested in 23% of the issued share capital of the Project Company. FCV is a company registered in the British Virgin Islands with limited liability and is an investment holding company; and
- (iii) ACH, which is interested in 4% of the issued share capital of the Project Company. ACH is a company registered in the British Virgin Islands with limited liability and is an investment holding company.

Both FCV and ACH are indirectly wholly owned by Mr. Vong.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Board, and having made all reasonable enquiries, each of Mr. Vong, FCV and ACH is an Independent Third Party of the Company and its connected persons.

The Project Company is principally engaged in investment in urban complex development project. Under the sub-decree 122/2019 (the “**Sub-decree**”) on the establishment of CESIZ Special Economic Zone granted by the Council of Ministers to the Project Company, the Council of Ministers approved the Project Company to establish a special economic zone (the “**Special Economic Zone**”) with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. Under the Sub-Decree, the Project Company shall have the sole and exclusive right to develop the Special Economic Zone with all the necessary land use rights, including those for residential, industrial and commercial development purpose. As at the Latest Practicable Date, the principal assets of the Project Company include the Project Land.

The main management members of the Project Company include the Chief Executive Officer (“**CEO**”) Mr. Qu Shiqin, and four Deputy CEOs, namely Ms. Cui Xiaohong, Mr. Chang Keang Chhan, Mr. Tang Tuck Yew and Mr. Jung Hee Dae.

Mr. Qu Shiqin, aged 53, obtained a Postgraduate Diploma in Integrated and Practicing Management in The University of Hong Kong in 2014. Mr. Qu has over 10 years of experience in the property development industry. From 2007 to 2014, Mr. Qu acted as the Deputy General Manager and was promoted to the General Manager of Blue Harbor Co., Ltd.\* (藍色港灣有限公司) and was responsible for the development, construction and operation of the Beijing Blue Harbor Commercial Plaza (covering approximately 200,000 square meters). Since 2014, Mr. Qu has been serving as the chairman of the board of Graticity Real Estate Development Co., Ltd. and is responsible for the development and construction of Cambodia’s Phnom Penh No. 1 Project (covering approximately 330,000 square meters). He is also responsible for the strategic planning of the said company in Cambodia, including preliminary planning for the Phnom Penh World Trade Center (covering approximately 2,000,000 square meters); devising the strategic layout of the new smart city in Cambodia and the development plan of the western coastal area; and in charge of land purchase and reserves for multiple projects in Cambodia. Mr. Qu joined the Project Company as the CEO in December 2017 and is responsible for the overall strategic planning, operation and management of the Project Company.

Ms. Cui Xiaohong, aged 56, obtained a Postgraduate Diploma in Integrated and Practicing Management in The University of Hong Kong in 2014. Ms. Cui has over 35 years of experience in the hospitality and property management industry. From 2007 to 2014, Ms. Cui acted as the Deputy General Manager and the Chief Financial Officer of Beijing Blue Harbor Co., Ltd.\* (藍色港灣有限公司) and was in charge of finance management of the company. Since 2014, Ms. Cui has been serving as the Deputy General Manager of Graticity Real Estate Development Co., Ltd. and is responsible for finance, marketing and the commercial leasing business of Project One



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## LETTER FROM THE BOARD

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Park. Ms. Cui, joined the Project Company as the Deputy CEO in December 2017 and is in charge of the Human Resources Management Centre, the Finance Centre and the Legal Affairs Centre of the Project Company.

Mr. Chang Keang Chhan, aged 39, graduated from the University of Cambodia with a Bachelor Degree of Business Administration in Accounting in 2006. Since 2014, Mr. Chang has been serving as the Deputy General Manager of Graticity Real Estate Development Co., Ltd. and is responsible for the preliminary development and administrative works of Cambodia's Phnom Penh No. 1 Project. Mr. Chang joined the Project Company as the Deputy CEO in December 2017 and is in charge of the Preliminary Development Department and the Strategic Development and Planning Department of the Project Company.

Mr. Tang Tuck Yew, aged 49, graduated from Nanyang Technological University with a Degree of Bachelor of Engineering in 1997. Mr. Tang also obtained a Degree of Master of Science (Civil Engineering) in the National University of Singapore in 2002. Mr. Tang has extensive experience in management of real estate projects while working in the civil engineering and real estate industries for over 20 years. Since 2019, Mr. Tang acted as the Leasing General Manager of Graticity Real Estate Development Co., Ltd. and was in charge of leasing of Project One Park. Mr. Tang joined the Project Company as the Deputy CEO in July 2019 and is in charge of the Planning Centre, the Investment Promotion Centre, the Sales Centre and the Property and Operations Centre of the Project Company.

Mr. Jung Hee Dae, aged 52, graduated from Washington State University with a degree of Bachelor of Arts in Hotel and Restaurant Administration in 1992. He also obtained a Diploma in Management in Henley Management College in 2001. Mr. Jung is experienced in the hospitality and construction industry. From 2009 to 2019, Mr. Jung was the CEO of Dongguan Song Shan Lake Hotel Company Limited\* (東莞市松山湖酒店有限公司) and was responsible for the management of Hyatt Regency Dongguan Hotel. Since 2019, Mr. Jung has been the Hotel General Manager of Graticity Real Estate Development Co., Ltd. Mr. Jung joined the Project Company as the Deputy CEO in February 2019 and is in charge of the Engineering Management Centre, the General Office, the Procurement Center and the Design Centre of the Project Company.

The main management members of the Project Company have extensive experience and expertise in various aspects in the hospitality, property development, construction and management industries, which will facilitate the day-to day operation and management of the Project Company's business.

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## LETTER FROM THE BOARD

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### FINANCIAL INFORMATION OF THE TARGET COMPANY AND THE PROJECT COMPANY

#### The Target Company

Set out below are the audited financial information of the Target Company for the period from 7 August 2020 (date of incorporation) to 31 August 2020, which were prepared in accordance with the HKFRS:

	<i>HK\$'000</i>
Net profit (loss) before taxation and extraordinary items	—
Net profit (loss) after taxation and extraordinary items	—

According to the audited financial statements prepared in accordance with the HKFRS, the audited net assets value of the Target Company was approximately HK\$1,116,207,000 as at 31 August 2020.

#### The Project Company

Set out below are the financial information of the Project Company for the two financial years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020, which were prepared in accordance with the HKFRS:

	<b>For the six months ended 30 June 2020 (Unaudited) <i>US\$'000</i></b>	<b>For the year ended 31 December 2019 (Audited) <i>US\$'000</i></b>	<b>For the year ended 31 December 2018 (Audited) <i>US\$'000</i></b>
Net profit (loss) before taxation and extraordinary items	(144)	(460)	(308)
Net profit (loss) after taxation and extraordinary items	(144)	(460)	(308)

According to the financial statements prepared in accordance with the HKFRS, the audited net assets value of the Project Company was approximately US\$655 million as at 30 June 2020.

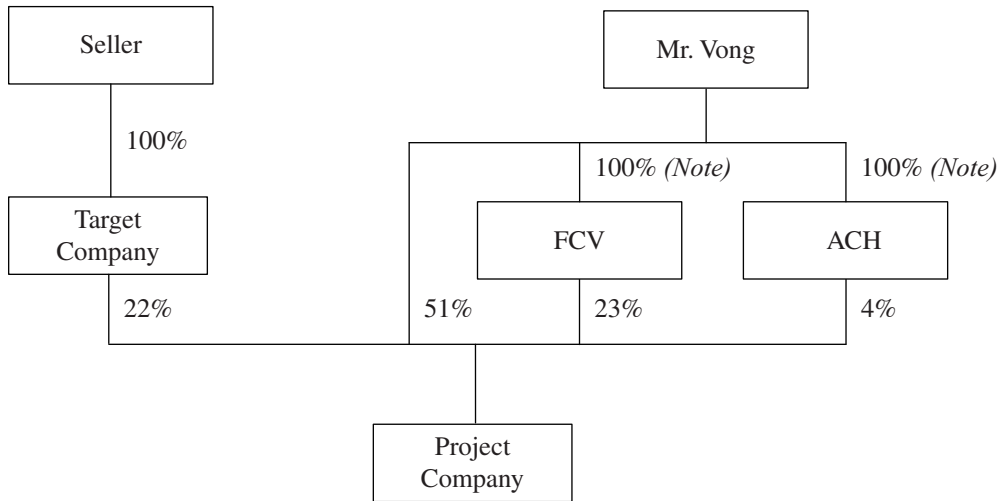
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## LETTER FROM THE BOARD

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### Existing structure of the Target Company and the Project Company

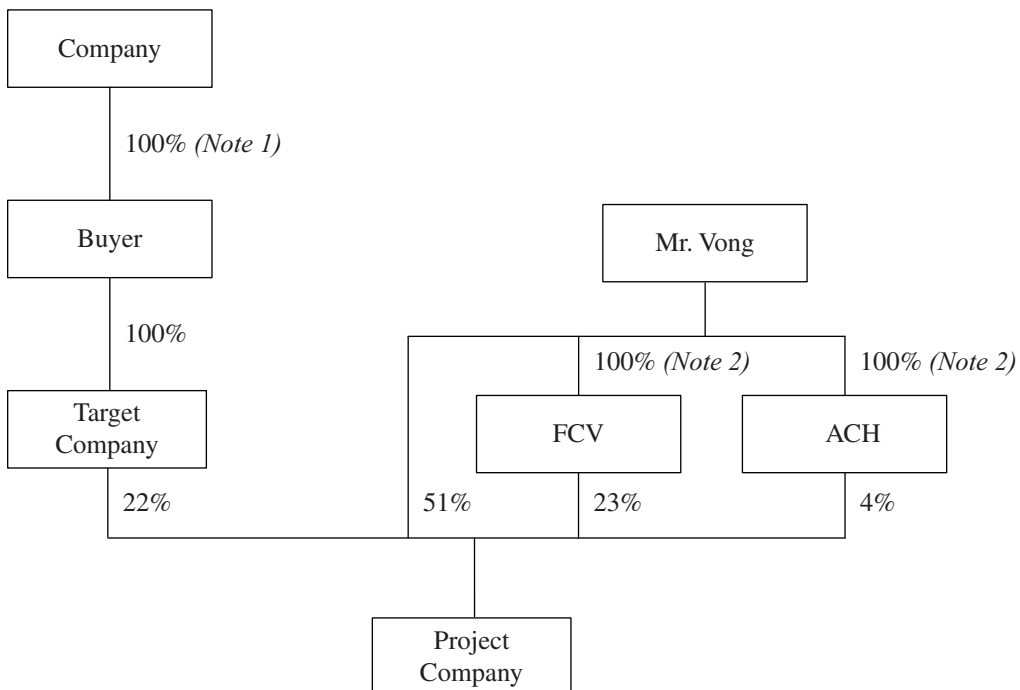
Set out below is the existing structure of the Target Company and the Project Company as at the Latest Practicable Date.



*Note:* FCV and ACH are indirectly wholly owned by Mr. Vong.

### Structure of the Target Company and the Project Company upon Completion

Set out below is the structure of the Target Company and the Project Company upon Completion.



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## LETTER FROM THE BOARD

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*Notes:*

1. The Buyer is indirectly wholly owned by the Company.
2. FCV and ACH are indirectly wholly owned by Mr. Vong.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has continued to review the existing principal businesses strategies of the Group and looks for potential business opportunities in order to optimise the capital resources of the Group.

Mr. Fok Chi Tak (“**Mr. Fok**”), an executive Director, became acquainted with Mr. Vong in 2018 during a business visit in Cambodia. Mr. Vong is a Cambodian entrepreneur. He is principally engaged in real estate and urban city development in Cambodia and has extensive experience in the sector. He is the founder of Graticity Real Estate Development Co., Ltd. which principally engaged in real estate and urban city development in Cambodia, mainly in Phnom Penh and other cities. Among his projects, One Park is a mixed-use development comprised of shop-houses, multiple mid-rise condominium buildings, residential buildings, service apartment, offices, commercial centers and educational building erected on a parcel of land with a total site area of approximately 79,000 square meters. One Park is one of the most high-quality and luxurious residential commercial complexes in Phnom Penh. Besides, Mr. Vong also has investments in natural resources, financial services and aviation industry in Cambodia.

Around May 2020, Mr. Vong introduced the Project and the opportunity to invest through acquiring certain equity interest in the Project Company to the Company through Mr. Fok. After studying the details of the Project and evaluating the Project’s potential through the Pre-Feasibility Study, the Group was interested to invest in the Project. The negotiation between the Group and Mr. Vong in relation to the Acquisition started in or about late July 2020. Meanwhile, Mr. Vong carried out shareholding restructuring of the Project Company by adding a few investment holding companies in mid-August 2020. Upon completion of the shareholding restructuring of the Project Company and as at the date of the Announcement, Mr. Vong, FCV, ACH and the Target Company directly holds 51%, 23%, 4% and 22% of the equity interest in the Project Company. In mid-August 2020, Mr. Vong then lined up the Group with his business partner Ms. Lin, the ultimate beneficial owner of the Target Company and the Seller for further discussions in relation to the Acquisition. After several rounds of discussions among the parties, the commercial terms were negotiated around mid-August 2020 by the parties and the Buyer conditionally agreed to acquire Ms. Lin’s interest in the Project Company indirectly held through the Seller and the Target Company. In evaluating the investment opportunity in the Project, the Board has taken into consideration the following aspects:

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## LETTER FROM THE BOARD

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### **Prospect of the Project**

Through the Acquisition, the Group will indirectly wholly own the Target Company and be indirectly interested in 22% of the issued share capital of the Project Company upon Completion.

Under the Sub-Decree, the Project Company shall have the sole and exclusive right to develop the Special Economic Zone with all the necessary land use rights, including those for residential, industrial and commercial development purpose. The Sub-Decree does not have a specified period, as such the Project Company may develop the Project Land according to its own progress. The Project Land is situated at Koh Kong Province, Cambodia with a size of 17,252,519 square meters. According to the Pre-Feasibility Study, the Project Land will be divided into 6 areas: (1) core area of the city, (2) waterfront corridor, (3) ecological park around the city, (4) clean energy industrial zone, (5) meditation, recreation and recreation area; and (6) comprehensive port area. Subject to government planning permission and conditions, the Special Economic Zone will become a modern city that is livable, suitable for business, and suitable for travel and part of a showcase smart city (智慧城市) with plans to install advanced smart facilities to drive and satisfy the demand from wide spectrum of consumers in cities.

The Project Company will primarily undertake raw land development process in the Special Economic Zone to turn raw land into improved land. The Project Company will engage external professionals to perform the necessary engineering and development work and carry out the site leveling and “six connections” of the Project Land which include construction of roads, water supply, power supply, drainage system, communication network and gas supply.

Currently, the Project Company has been undertaking initial preparation works prior to the development of the Project, which include analysis of preferential policies and relevant regulations, analysis of the land and real estate market, preliminary geological exploration, topographic mapping, conceptual planning and design, investment promotion meeting, road shows, project financing arrangement and implementation, formulation of major strategic plans and establishment of urban development company and introduction of professional parties. It is expected that the raw land development process of the Project will commence in June 2021 and take place in seven years:

- 1st year: Handling of geological survey, road design, and related construction procedures; construction dispatch, construction project department and temporary works, clearing and leveling the land;
- 2nd year: Subgrade construction of first-class roads and excavation of auxiliary pipe trenches;

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## LETTER FROM THE BOARD

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- 3rd year: Subgrade construction of first-class road subgrade and second-class road subgrade, excavation of auxiliary pipe trench;
- 4th year: Subgrade construction of tertiary roads, pavement construction of primary roads;
- 5th year: Phase II road construction;
- 6th year: Second-level road construction and third-level road construction;
- 7th year: Pipeline embedment, street lamp installation, greening project construction, etc.

The proportion of capital investment in each year during the construction period is planned to be 10%, 10%, 10%, 20%, 20%, 20% and 10% of the estimated total development cost. As the construction continues, it is expected that the Project Company will start to lease industrial park area and sell urban land from the second year of the construction period to investors and industrial developers, who will introduce professional urban investment development and operation companies to gradually carry out construction of industrial, residential and commercial buildings in accordance with the approved development plan, and will continue beyond the first seven years of the Project. Such development on the improved land may require further government approvals for specific construction works and business operations, for examples, real estate development permits, factory construction permits, and business operation related approvals.

Based on the above development model of the Project Company, it is expected that the main revenue of the Project will be generated from (i) the leasing of industrial park area of approximately 366 million square meters; and (ii) the sale of urban land for residential or commercial use of approximately 766 million square meters, the estimated gross floor areas of which are based on the Pre-Feasibility Study. The expected revenue may vary from time to time depending on the market conditions. Based on cash flow projection and assuming no substantial delay on the development schedule, the best estimate of the expected internal rate of return for the project is around 40% to be achieved in eight year(s).

Based on the Pre-Feasibility Study, the expected development cost of the Project (excluding the land cost which has been injected to the Project Company) is approximately US\$290 million which is expected to incur over the next seven years. It is planned to adopt a rolling development model to reduce financing pressure, that is, “six connections and site leveling” investment part will be supported by land sales of the urban land and rental income from the leasing of the industrial park area. According to preliminary estimates, land sales income will be generated from the second year on milestone payment structure to be agreed with investors or developers to fund the continuing development work by the Project Company, and any shortage will be supplemented by external financing, including bank

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## LETTER FROM THE BOARD

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loans. The Project Company will need initial working capital for the first year's development in the amount of approximately US\$30 million and, as advised by the Project Company, they plan to take out a loan to fund the initial working capital with an expected annual interest rate which is comparable to the current comprehensive cost of US dollar loans from financial institutions in Mainland China.

Under the Shareholders' Agreement, there are no express capital commitment obligations on the Target Company and if there is a call for capital contribution by the Project Company, it will be proportional to the shareholding in the Project Company held by the Target Company. As at the Latest Practicable Date, the Company does not have any intention or plans to make further capital contribution into the Project Company. In the event that the Company makes further capital contribution to the Project Company or where any major development of the Project is subject to the reporting, disclosure and/or shareholder approval requirements under the Listing Rules, the Company will comply with all the applicable Listing Rules as and when appropriate.

### **Strategic benefits brought to the Group**

The Acquisition will allow the Group and also the ALS Group (through its interest in the Group) to invest and gain exposure in urban complex development project in a premium location in Cambodia and strengthen the Group's and the ALS Group's comprehensive investment portfolio. Cambodia is a member of the Association of Southeast Asian Nations ("ASEAN") and is one of the most promising developing countries in the ASEAN region. Cambodia is a member of the World Trade Organization ("WTO") as a developing country, and investments in the country can enjoy the WTO preferential tariff for imports and exports from and to its membership countries, while other countries like the United States and Japan, also offer Cambodia preferential tariff and quota-free incentives. Cambodia is located in the center of South East Asian, and is the core area of the China-ASEAN Free Trade Area and the 21st Century Maritime Silk Road. In recent years, Cambodia's society and economy have continued to develop rapidly. According to the World Bank, Cambodia's GDP has continued to grow at an average rate of over 7% over the past decade, ranking first in ASEAN countries in terms of economic growth. Cambodia's GDP reached US \$27 billion and GDP per capita reached US \$1643 in 2019, making it one of the fastest growing economies in the world and one of the emerging countries of investment hotspot in Southeast Asia. The stable political environment, dynamic labour force in Cambodia, together with the preferential tax policies and freedom of capital flows, have successfully attracted foreign investors.

In addition, Cambodia has established a long-term friendly relationship with China, providing strong support to China in ASEAN. The Chinese government's "One Belt, One Road" initiative is conducive to promoting economic prosperity and regional economic cooperation among countries along the route, strengthening exchanges and mutual learning among different civilizations, and promoting world peace and development. It is a great

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## LETTER FROM THE BOARD

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cause that benefits people all over the world. Among them, infrastructure construction, industrial cooperation, and trade interoperability are important components of the “Belt and Road” construction. The development strategy has brought significant investment from Chinese enterprises, creating huge potential for Cambodia’s business development. Moreover, Cambodia has proposed a series of development strategies and plans aimed at accelerating the development and rise of Cambodia’s economy. At present, China and Cambodia have launched a series of projects such as the “Sihanoukville Special Economic Zone” and the “Cambodia-China Comprehensive Investment and Development Pilot Zone” around the “Maritime Silk Road”.

On 20 July 2020, China and Cambodia jointly announced the completion of bilateral free trade agreement negotiations. The upcoming “China-Cambodia Free Trade Agreement” will bring more tangible benefits and development opportunities to both countries. As an emerging developing economy in which basic infrastructure within the country needs to be fully developed, all industries in Cambodia have enormous room for development.

This Special Economic Zone, being part of the smart city under planning and development in Koh Kong Province (the “**Koh Kong Smart City**”) is adjacent to Sihanoukville Port. It is planned to have a 20-ton comprehensive port. The port has a high tonnage level, a high level of service, and a vast land area behind the port, leaving room for further development in the future. Industrial products around Phnom Penh can be directly exported from the port of the smart city through the existing Highway 4 and the Golden Port Expressway under construction. Similarly, the industrial products of Sihanoukville can also be directly exported from the smart port, and agricultural products in the northwest can also be directly exported. It can be processed in smart cities and exported from ports. This will bring together a large number of people, goods, business, capital, technology, and information flows for smart cities, and promote the higher-level development of smart cities. In the future, the Koh Kong Smart City will be built into a next-generation smart ecological city in Cambodia with a population of 200,000 and 120,000 jobs. It will create a model for the new urban life in Cambodia and become the city of choice for the rich and young people in Cambodia. After the completion of the Trans-Asian Railway, smart cities can reach Southeast Asian countries directly via high-speed rail within 4 hours, which will attract many high-end people from Southeast Asian countries to live and work here.

In view of the rapid real estate development in Cambodia and the appreciation of the land values, the Board expects that the growth potential of the Project is commercially viable.

Given the promising long-term economic development of Cambodia and prospects of the urban complex development project, there is potential for attractive capital appreciation for this investment over the long term.



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## LETTER FROM THE BOARD

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### **Valuation of the Project Land**

According to the Valuation Report as set out in Appendix VI to this circular, the market value of the Project Land as at 30 September 2020 was not less than HK\$5,080,000,000.

The Board has reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodologies adopted for and the bases and assumptions used in arriving at the market value of the Project Land as at 30 September 2020.

The valuation was prepared by the Independent Valuer using the direct comparison method under the market approach, which consists of comparisons based on current asking prices of comparable properties. As explained by the Independent Valuer, the selection bases of the comparable properties are (i) the property characteristics; and (ii) the similarity and proximity to the Project Land. Given that land transactions in Koh Kong Province are not as active as in the capital city of Cambodia, the Board considers the comparables collected and adopted for analysis under the selection bases are fair and representative.

During the discussion with the Independent Valuer, the Board further understood how the comparable properties of similar size, character and location were weighed against their respective advantages and drawbacks in order to arrive at a fair comparison of market value. The Board noted that the indicative average fair value of approximately US\$38 per square meter in respect of the Project Land was referenced based on the adjustment made to weighted-average-market value (US\$ per square meter) of the said comparable properties, which ranged from US\$23 per square meter to US\$70 per square meter. Land price varies mainly due to (i) the facilities and infrastructure provided by the Cambodian government; and (ii) the location and the size of the land pieces. After due adjustments were made, the Independent Valuer considered the properties price shall be within a range from US\$25 to US\$56 per square meter, and US\$38 per square meter was finally adopted in the analysis.

The Independent Valuer further confirmed that the comparison approach is commonly adopted for valuation of properties in Cambodia and is also consistent with normal market practice.

Based on the above due diligence work performed by the Board, the Board considers that the valuation of the Project Land is fair and reasonable.

### **Payment arrangement of Consideration Notes and Consideration CB**

Pursuant to the Sale and Purchase Agreement, the Total Consideration payable to the Seller at Completion shall be settled upon Completion by (i) the allotment and issue of 500,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.25 per Consideration Share to the Seller (or its nominee); (ii) the issue of the Consideration Notes by the Company to the Seller (or its nominee) in the aggregate principal amount of

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## LETTER FROM THE BOARD

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HK\$850,000,000; and (iii) the issue of Consideration CB by the Company to the Seller (or its nominee) in the aggregate principal amount of HK\$150,000,000 with the Conversion Price of HK\$0.30 per Conversion Share convertible into a maximum of 500,000,000 Conversion Shares.

The main reason for settling the majority part of the Total Consideration through the issue of the Consideration Notes is to enable the Company to maintain a more optimistic level of working capital and cash balance, and the payment arrangements of the Consideration Notes could serve this purpose as well because the Company shall only repay the Consideration Notes by way of redemption when the Company receives (i) dividends from the Project Company; and/or (ii) disposal proceeds of the shareholdings in the Buyer/Target Company/the CESIZ Shares (i.e. returns that the Company derives from its exit of its investment in the Acquisition) (the “**Project Income**”).

The Consideration Notes have an initial term of three years, commencing from the issue date thereof, subject to the extension at the Company’s sole discretion to the Extended Maturity Date or Further Extended Maturity Date if there is any outstanding amount under the Consideration Notes on the relevant Notes Maturity Date. In other words, the Company can always extend the Notes Maturity Dates for such successive term(s) of one year after the Extended Maturity Date until there is no outstanding amount under the Consideration Notes. In addition, the Noteholder(s) has no early redemption right under the Notes Instrument. Therefore, under the extendable Notes Maturity Date arrangement, the Company will not be under a time pressure to repay the Consideration Notes if the Company has received no or insufficient Project Income.

The Capped Redemption Price serves as a protective mechanism for the Company on (a) not to repay the Consideration Notes when there is no Project Income; and (b) not to “double count” the Project Income received by the Company on each Notes Maturity Date because the formula of the Capped Redemption Price would deduct the aggregated sum of principal amount of Consideration Notes and interests that have been redeemed/repaid by the Company (which is actually the amount of the past aggregated Project Income received by the Company), and the Company will only need to repay the outstanding amount under the Consideration Notes when it further receives any Project Income when the relevant Notes Maturity Date falls due. In other words, despite any Project Income which may be received in the relevant preceding Notes Maturity Date, the Company will not have to further repay the Consideration Notes when there is no further Project Income.

The extendable Notes Maturity Date allows the Company more flexibility in its repayment schedule, together with the Capped Redemption Price which ensures that the Company will only repay the Consideration Notes mainly out of the Project Income, are fair and reasonable and in the interest of the Company and the Shareholders.

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## LETTER FROM THE BOARD

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Regarding the Consideration CB, the CB Maturity Date falls on the third anniversary of the date of issue of the Consideration CB, if the CB holder(s) does not convert the Consideration CB into the Shares within the first two years after the date of issue, the Company will take reasonable steps to formulate refinancing plans (including but not limited to debt financing) for the repayment of any outstanding principal amounts under the Consideration CB should such refinancing needs arise.

### **Management of the business in the Project Company**

The Group is serving the construction industry through its construction machinery and materials business. As construction is an indispensable part of all property development projects, the Board considers that its members have sufficient qualifications and experience in the construction industry, as well as investment and business management, and can provide investment strategy to the Group regarding the investment in the Project. In addition, Mr. Fok, being an executive director of both ALS and the Company, has the relevant management experience in property development, acquired through the ALS Group's investments in the overseas property market and also property development projects in the PRC. Furthermore, according to the Shareholders' Agreement, the Target Company has the right to appoint or nominate up to two PC Directors to sit on the PC Board, who will be responsible for formulating and resolving on the overall business development strategy and key decision making on the Business Plan of the Project Company. Upon Completion, the Group may consider to recruit one to two individuals with experience in property development to act as the PC Director(s) to monitor and supervise the progress of the Project.

In view of the above grounds, the Board considers that the Acquisition, if materialised, represents a good opportunity for the Company to diversify its business and to demonstrate the investment of the Company in the Project Land with a view to realising the land value and enhancing shareholder value in the long run. The Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Consideration Share; and (iii) immediately after the allotment and issue of the Consideration Shares and full conversion of a maximum of 500,000,000 Conversion Shares are as follows (assuming there being no other change in the share capital of the Company):

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Consideration Shares		Immediately after the allotment and issue of the Consideration Shares and full conversion of a maximum of 500,000,000 Conversion Shares	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
	<i>(Note 1)</i>		<i>(Note 1)</i>		<i>(Note 1)</i>	
ALS	3,174,296,688	60.03	3,174,296,688	54.84	3,174,296,688	50.48
	<i>(Note 2)</i>		<i>(Note 2)</i>		<i>(Note 2)</i>	
Oshidori International Holdings Limited <i>(Note 3)</i>	625,000,000	11.82	625,000,000	10.80	625,000,000	9.94
Seller	—	—	500,000,000	8.64	1,000,000,000	15.90
Other public shareholders	<u>1,488,657,873</u>	<u>28.15</u>	<u>1,488,657,873</u>	<u>25.72</u>	<u>1,488,657,873</u>	<u>23.67</u>
Total	<u><u>5,287,954,561</u></u>	<u><u>100</u></u>	<u><u>5,787,954,561</u></u>	<u><u>100</u></u>	<u><u>6,287,954,561</u></u>	<u><u>100</u></u>

*Notes:*

- Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- As at the Latest Practicable Date, ALS is interested in an aggregate of 3,174,296,688 Shares, comprising of (i) 2,388,944,688 Shares through its wholly-owned subsidiaries, Win Team Investments Limited and Hao Tian Management (China) Limited; and (ii) 785,352,000 Shares through its wholly-owned subsidiary, Win Team Investments Limited, and its non-wholly owned subsidiary, Hao Tian Management (Hong Kong) Limited.
- As at the Latest Practicable Date, Oshidori International Holding Limited was interested in 625,000,000 Shares through its indirect wholly-owned subsidiary, Kenson Investment Limited.

As illustrated above, the Seller will become substantial Shareholder interested in 1,000,000,000 Shares, representing approximately 15.90% of the issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares and full conversion of a maximum of 500,000,000 Conversion Shares (assuming there being no other change in the share capital of the Company). Therefore, the Acquisition will not result in change of control of the Company.

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## LETTER FROM THE BOARD

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The public float of the Company may drop below 25% as prescribed under Rule 8.08(1)(a) of the Listing Rules immediately after the allotment and issue of the Consideration Shares and full conversion of a maximum of 500,000,000 Conversion Shares (assuming there being no other change in the share capital of the Company). Nonetheless, according to the terms and conditions of the CB Instrument, no conversion right may be exercised by the CB Holder to the extent that as a result of such exercise, the public float of Company as prescribed under the Listing Rules cannot be maintained. The Company shall at all times ensure that the minimum public float requirement under the Listing Rules is complied with.

### **LISTING RULES IMPLICATIONS**

As one or more of the percentage ratios (as defined in the Listing Rules) applicable to the Acquisition exceed 25% but are all less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **FINANCIAL EFFECT OF THE ACQUISITION TO THE GROUP**

Upon Completion, the Buyer will hold the entire issued share capital of the Target Company and the Target Company will be treated as an indirect wholly-owned subsidiary of the Group. The financial results of the Target Company will be consolidated into the financial statements of the Group.

Upon Completion, the Buyer will hold 22% of the issued share capital of the Project Company and the Project Company will be treated as an associate of the Group. The financial results of the Project Company will be accounted for using equity method into the financial statements of the Group.

### **Assets and liabilities**

Based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix V to this circular (assuming that the Acquisition had been completed on 30 September 2020), the total assets of the Group would have increased from approximately HK\$1,618 million to approximately HK\$2,736 million on a pro forma basis, and the total liabilities of the Group would have increased from approximately HK\$489 million to approximately HK\$1,125 million on a pro forma basis.

The results and assets and liabilities of the Project Company will be accounted for as an associate in the Company's consolidated financial statements using the equity method of accounting. Under the equity method of accounting, interest in an associate is initially recognised at cost and adjusted thereafter for the change in the Group's share of net assets of the Project Company. Dividend received from the Project Company will reduce the carrying value of the Group's investment in an associate.

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## LETTER FROM THE BOARD

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### Earnings

Upon Completion, the Project Company will become an indirect 22% associate of the Company and the financial results of the Project Company will be accounted for using equity method of accounting by sharing 22% of the financial results of the Project Company in the financial statements of the Company.

For details of the unaudited pro forma financial information of the Enlarged Group immediately following completion of the Acquisition, please refer to Appendix V to this circular.

### EGM

A notice convening the EGM to be held at 10/F, CKK Commercial Centre, 289 Hennessy Road, Wanchai, Hong Kong on Thursday, 31 December 2020 at 10:30 a.m. for the purpose of considering, and if thought fit, approving (i) the Acquisition; (ii) the issue of the Consideration Notes; (iii) the issue of the Consideration CB; and (iv) the grant of the Specific Mandate, is set out on pages EGM-1 to EGM-3 of this circular.

The ordinary resolution proposed to be approved at the EGM will be taken by poll. As no Shareholder has a material interest in the Acquisition which is different from that of the other Shareholders, no Shareholder is required to abstain from voting at the EGM to approve the Acquisition. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch Share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors consider that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolution to be proposed at the EGM.

### MISCELLANEOUS

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

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## LETTER FROM THE BOARD

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The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**Completion of the Acquisition is subject to a number of Conditions Precedent which may or may not be fulfilled. Shareholders and the potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

Yours faithfully  
By order of the Board  
**Hao Tian International Construction  
Investment Group Limited**  
**Fok Chi Tak**  
*Executive Director*

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## APPENDIX I FINANCIAL INFORMATION OF THE GROUP

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### 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the year ended 31 March 2018, 31 March 2019 and 31 March 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk):

- Annual report of the Company for the year ended 31 March 2018 published on 19 July 2018 (pages 72 to 267)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0719/ltn20180719344.pdf>)
- Annual report of the Company for the year ended 31 March 2019 published on 29 July 2019 (pages 74 to 295)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0729/ltn20190729787.pdf>)
- Annual report of the Company for the year ended 31 March 2020 published on 29 July 2020 (pages 80 to 309)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900646.pdf>)

### 2. STATEMENT OF INDEBTEDNESS

#### Indebtedness

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the outstanding principal of indebtedness amounted to approximately HK\$330 million, and the details are as follows:

	<i>HK\$'million</i>
Bank borrowings	
Secured and with guarantee	31
Loan from a director	
Unsecured and without guarantee	60
Other borrowings	
Secured and without guarantee	138
Convertible note	
Unsecured and without guarantee	101

#### Mortgages and charges

As at 31 October 2020, the Group's borrowings under finance leases were secured by (i) bank deposits; (ii) machinery and motor vehicles; and (iii) loan receivables.



**Contingent liabilities**

As at 31 October 2020, the Group had no significant contingent liabilities.

**3. WORKING CAPITAL**

The Directors, after due and carefully enquiry, are of the opinion that following Completion, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

**4. ACQUISITION AFTER 31 MARCH 2020**

On 2 April 2020, the Company and Oshidori International Holdings Limited (stock code: 622) (“**Oshidori**”) entered into a share swap agreement (the “**Share Swap Agreement**”) pursuant to which, subject to the fulfillment of the conditions under the Share Swap Agreement, the parties have agreed amongst other things that the Company agreed to issue and allot the 625,000,000 Shares, under the general mandate which was granted to the Directors, to Oshidori or its nominee(s) in exchange of the 187,500,000 shares from Oshidori on the terms and conditions of the Share Swap Agreement. All the conditions under the Share Swap Agreement have been fulfilled and the completion took place on 28 April 2020. The aggregate of the remuneration payable to and benefits in kind receivable by the Directors has not been varied in consequence of such share swap.

For details of the share swap, please refer to the announcements of the Company dated 2 April 2020 and 28 April 2020 respectively.

**5. FINANCIAL INFORMATION OF THE TARGET COMPANY**

The financial information of the Target Company for the period from 7 August 2020 (date of incorporation) to 31 August 2020 are disclosed in the Appendix II of this circular.

**6. MATERIAL ADVERSE CHANGE**

Save as disclosed in the interim results announcement of the Company dated 25 November 2020 for the six months ended 30 September 2020 and this circular, up to and including the Latest Practicable Date, the Directors have not been aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up to.

**7. FINANCIAL AND TRADING PROSPECTS**

The Company is an exempted company incorporated in the Cayman Islands with limited liability and is an investment holding company of the Group. The Group is principally engaged in (a) provision of financial services and related financial advisory services through subsidiaries licensed to conduct (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type

4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) money lending activities; and (iii) brokerage of general insurance and long term (including linked long term) insurance; and (b) rental and trading of construction machinery.

The Group will pursue the “investment bank + finance” two pronged approach and pinpoint business opportunities emerged in the wake of the pandemic by leveraging on the strength created from licenses for financial services the Group holds and its management team’s extensive industry experience. In addition, the Group will assist more domestic enterprises in mergers and acquisitions business overseas, while diversifying its financing system, expanding financing channels abroad, optimising the debt structure and reducing financing costs.

On the other hand, the Group is striving to look for new businesses to diversify and strengthen its financial position.

As of the Latest Practicable Date and other than the Sale Shares, the Group has not currently identified any specific potential investment target.

The Board considers the Acquisition will potentially allow the Company to expand its investment in the overseas market, expand its network coverage and customer base, and result in enhancing competitive advantage in mergers and acquisitions business overseas that may create long-term benefit to the Group. The Acquisition is not expected to have a negative effect on the cash position of the Group since no payment of any cash consideration is involved in the Acquisition. The Group will continue to seek investment opportunities, further expand the Group’s sources of revenue, enhance the Group’s profitability, and maximise return for its shareholders.

*Set out below is the text of a report received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, which has been prepared for the purpose of incorporation in this circular.*



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## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED**

### **Introduction**

We were engaged to report on the historical financial information of Alcott Global Limited (the “**Target Company**”) set out on pages 4 to 19, which comprises the statement of financial position as at 31 August 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for period from 7 August 2020 (date of incorporation) to 31 August 2020 (the “**Relevant Period**”) and a summary of significant accounting policies and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages 4 to 7 forms an integral part of this report, which has been prepared for inclusion in the circular of Hao Tian International Construction Investment Group Limited (the “**Company**”) dated 11 December 2020 in connection with the proposed acquisition of entire equity interests in the Target Company by the Company.

### **Directors' responsibility for the Historical Financial Information**

The Directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to conduct work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 (“**HKSIR 200**”) “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Based on our work done, we express an opinion on the Historical Financial Information and report our opinion to you. HKSIR 200 requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 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 Directors, 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 gives, for the purposes of the accountants’ report, a true and fair view of the Target Company’s financial position as at 31 August 2020, and of the Target Company’s financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock  
Exchange of Hong Kong Limited**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

**BDO Limited**

*Certified Public Accountants*

**Wan Che Bun**

Practising Certificate Number P05804

Hong Kong

11 December 2020

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the Historical Financial Information of the Target Company prepared by the Directors of the Company and forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Period (the “**Underlying Financial Statements**”), on which the Historical Financial Information of the Target Company is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The functional currency of the Target Company is United States Dollar (“**USD**”). For the convenience of the Financial Information user, the Historical Financial Information is presented in Hong Kong Dollar (“**HK\$**”) and all values are rounded to the nearest thousands (“**HK\$'000**”) except when otherwise indicated.

**Statement of Profit or Loss and Other Comprehensive Income**

		<b>7 August 2020</b> <b>(Date of</b> <b>Incorporation)</b> <b>to 31 August</b> <b>2020</b>
	<i>Notes</i>	<i>HK\$'000</i>
Revenue	6	—
Administrative expenses		—
Finance expenses		—
<b>Loss before income tax</b>	7	—
Income tax expense	8	—
<b>Net loss after income tax</b>		—

## Statement of Financial Position

		As at 31 August 2020
	<i>Notes</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Investment in an associate	<i>11</i>	<u>1,116,207</u>
<b>Current assets</b>		
Amount due from immediate holding company		<u>—*</u>
<b>Net current assets</b>		<u>—*</u>
<b>Total assets less current liabilities</b>		<u>1,116,207</u>
<b>Net assets</b>		<u><u>1,116,207</u></u>
<b>Capital and Reserves</b>		
Share capital	<i>12</i>	1
Reserves		<u>1,116,206</u>
<b>Total equity</b>		<u><u>1,116,207</u></u>

## Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance as at 7 August 2020 (Date of Incorporation) (Note 16)</b>	—*	—	—*
Issue of subscription share on 27 August 2020	<u>1</u>	<u>1,116,206</u>	<u>1,116,207</u>
<b>Balance as at 31 August 2020</b>	<u><u>1</u></u>	<u><u>1,116,206</u></u>	<u><u>1,116,207</u></u>

\* Represents amount less than HK\$1,000



## Statement of Cash Flows

		<b>7 August 2020</b> <b>(Date of</b> <b>Incorporation)</b> <b>to 31 August</b> <b>2020</b>
	<i>Note</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		—
<b>Net cash outflows from operating activities</b>		—
<b>Cash flows from investing activities</b>	<i>16</i>	—
<b>Cash flows from financing activities</b>		—
<b>Increase/(decrease) in cash and cash equivalents</b>		—
Cash and cash equivalents at the beginning of the period		—
<b>Cash and cash equivalents at the end of the period</b>		—

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

### 1. GENERAL INFORMATION

Alcott Global Limited (the “**Target Company**”) was incorporated in the British Virgin Islands (“**BVI**”) with limited liability on 7 August 2020. Its registered office and principal place of business are located at Vistra Corporate Services Centre, Vickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Target Company is principal activity is investment holding.

Upon incorporation, Profit Joy Global Limited (“**Profit Joy**”), a limited company incorporated in BVI, was the immediate holding company of the Target Company. The ultimate beneficiary owner and sole director of the Target Company was Mr. Vong Pech.

On 3 September 2020, Profit Joy transferred its entire equity interest in the Target Company to Soaring Wealth Ventures Limited (“**Soaring Wealth**”), a limited company incorporated in BVI. Since then, Soaring Wealth became an immediate holding company of the Target Company and Ms. Lin Yuan became the ultimate beneficiary owner and the sole director of the Target Company.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### **New/revised HKFRSs that have been issued but are not yet effective**

The following new or revised HKFRSs, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Target Company.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Annual improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards; HKFRS 9 Financial Instruments; HKFRS 16 Leases; HKAS 41 Agriculture <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

1 Effective for accounting periods beginning on or after 1 January 2022

2 Effective for accounting periods beginning on or after 1 January 2023

3 Effective for annual periods beginning on or after a date to be determined.

The Target Company is in the process of making assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact to the Target Company’s Historical Financial Information.

**3. BASIS OF PREPARATION AND PRESENTATION****(a) Basis of preparation**

The principle accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA are set out in note 4. The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates and key sources of estimation uncertainty. It also requires management of the Target Company to exercise its judgement in the process of applying the Target Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

All HKFRSs effective for the accounting period from 1 June 2020, have been adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Period. The Target Company has not early adopted any new standards, amendments to standards and interpretations which have been issued but are not yet effective as at 7 August 2020 (Date of incorporation) are set out in note 2.

**(b) Basis of measurement and going concern assumption**

The Historical Financial Information have been prepared under the historical cost basis.

**(c) Functional and presentation currency**

The functional currency of the Target Company is United States Dollar (“**USD**”). For the convenience of the Financial Information user, the Historical Financial Information is presented in Hong Kong Dollar (“**HK\$**”) and all values are rounded to the nearest thousands (“**HK\$’000**”) except when otherwise indicated.

**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 Impairment of assets (other than financial assets)**

At the end of each reporting period, the Target Company reviews the carrying amounts of the assets other than financial assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset 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 cash generating unit.

**4.2 Financial Instruments**

Financial assets and financial liabilities are recognised when a Target Company's entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(i) Financial assets**

At initial recognition, the Target Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Target Company's business model for managing the asset and the cash flow characteristics of the asset. The Target Company classifies its debt instruments into the following measurement category.

*Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

*(ii) Expected credited loss on financial assets*

For other receivables, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Company's historical experience and informed credit assessment and including forward-looking information.

*(iii) Financial liabilities*

The Target Company classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, amount due to related companies, bills payable and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

*(iv) Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

*(v) Share capital*

The share capital of the Target Company are recorded at the proceeds received, net of direct issue costs.

*(vi) Derecognition*

The Target Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

#### **4.3 Associates**

An associate is an entity over which the Target Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Target Company's investments in associates are stated in the statement of financial position at the Target Company's share of net assets under the equity method of accounting, less any impairment losses. The Target Company's share of the post- acquisition results and other comprehensive income of associates is included in the statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Target Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Target Company and its associates are eliminated to the extent of the Target Company's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Target Company's investments in associates.

#### **4.4 Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **4.5 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when Target Company has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**4.6 Related parties**

For the purposes of the Financial Information, a party is considered to be related to the Target Company if:

- (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;
  - (ii) has significant influence over the Target Company; or
  - (iii) is a member of key management personnel of the Target Company or the Target Company's parent.
- (b) An entity is related to the Target Company if any of the following conditions apply:
  - (i) The entity and the Target Company are members of the same company (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 company 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 the employees of the Target Company or an entity 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 key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a company of which it is a part, provides key management personnel 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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

**5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Target Company's accounting policies, which are described in note 4, the sole director 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

**(a) Impairment of interest in an associate**

Determining the recoverable amount of the Target Company's interest in CESIZ (Cambodia) Co., Ltd ("CESIZ Cambodia"), an associate of the Target Company, requires an estimation of the value in use of the investment. The value in use calculation requires the Target Company to estimate the future cash flows expected to arise from dividends to be received from CESIZ Cambodia and the proceeds on the ultimate disposal of the investment with assumptions of suitable growth rate and discount rate in order to calculate the present value. At 31 August 2020, the carrying amount of the Target Company's interest in CESIZ Cambodia is HK\$1,116,207,000.

**6. REVENUE AND SEGMENT REPORTING****Operating Segment Information**

The sole director of the Target Company has been identified as the chief operating decision-maker of the Target Company who reviews the Target Company's internal reporting in order to assess performance of the Target Company on a regular basis and allocate resources.

The Target Company is principally engaged in the investment holding. The chief operating decision-maker assesses performance of this business unit based on a measure of operating results and considers this business unit in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Target Company as a whole as the Target Company's resources are integrated. Accordingly, the Target Company has identified one operating segment — investment holding.

*Information about major customer*

No revenue is generated by the Target Company during the Relevant Period. Accordingly, no individual external customer is presented.

*Information about geographical area*

No revenue is generated by the Target Company during the Relevant Period. As at 31 August 2020, all of the non-current assets were located in Cambodia.



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**APPENDIX II****ACCOUNTANTS' REPORT OF  
THE TARGET COMPANY**

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**7. LOSS BEFORE INCOME TAX**

Loss before income tax is arrived at after charging:

	<b>7 August 2020</b> <b>(Date of</b> <b>Incorporation) to</b> <b>31 August 2020</b> <i>HK\$'000</i>
Auditor's remuneration	—
Director's emoluments	—
	<u>          </u>

**8. INCOME TAX EXPENSE**

Pursuant to the rules and regulations of the BVI, the Target Company is not subject to any income tax in the BVI.

No provision for Hong Kong Profits Tax has been made as the Target Company had no assessable profits arising in Hong Kong during the Relevant Period.

**9. DIVIDENDS**

No dividend was paid or declared by the Target Company during the Relevant Period.

**10. SOLE DIRECTOR'S EMOLUMENTS**

No fees or emoluments were paid or are payable to the sole director in respect of his services rendered to the Target Company during the Relevant Period.

There was no arrangement under which the sole director waived or agreed to waive any remuneration during the Relevant Period. In addition, no remuneration was paid by the Target Company to the sole director as an inducement to join, or upon joining the Target Company or as a compensation for loss of office during the Relevant Period.

**11. INVESTMENT IN AN ASSOCIATE**

	<b>As at 31 August</b> <b>2020</b> <i>HK\$'000</i>
Share of net assets	<u>          1,116,207</u>

As at 31 August 2020, particulars of the associate was as follows:

<b>Name</b>	<b>Place of incorporation, operation and principal activity</b>	<b>Relationship</b>	<b>Percentage of ownership interests</b>
CESIZ (CAMBODIA) CO., LTD. ("CESIZ Cambodia")	Real Estate development in Cambodia	Associate	22.00%

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**APPENDIX II****ACCOUNTANTS' REPORT OF  
THE TARGET COMPANY**

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Summarised financial information of the associate, adjusted for any difference in accounting policies:

	<b>31 August 2020</b>
	<i>HK\$'000</i>
Non-current assets	24
Current assets	5,080,969
Current liabilities	7,325
Revenue	—
Loss and total comprehensive income/(expense) for the period	—
Cash and cash equivalents	8

Reconciliation of the above summarised financial information to the carrying amount of the investment in CESIZ Cambodia recognised in the Historical Financial Information:

	<b>As at 31 August 2020</b>
	<i>HK\$'000</i>
Equity attributable to the owners	5,073,668
Proportion of the Target Company's ownership interests	<u>22%</u>
Carrying amount of the Target Company's investment in CESIZ Cambodia	<u><u>1,116,207</u></u>

**12. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount</b>	<b>Amount equivalent</b>
		<i>USD</i>	<i>HK\$</i>
<i>Authorised:</i>			
Ordinary shares of USD1 each			
As at 7 August 2020 (date of incorporation) and 31 August 2020	<u>50,000</u>	<u>50,000</u>	<u>387,500</u>
<i>Issued and fully paid:</i>			
Ordinary share			
As at 7 August 2020 (date of incorporation)	1	1	8
Issue of subscription shares ( <i>Note 16</i> )	<u>99</u>	<u>99</u>	<u>767</u>
As at 31 August 2020	<u>100</u>	<u>100</u>	<u>775</u>

**13. CONTINGENT LIABILITIES**

As at 31 August 2020, the Target Company did not have any material contingent liabilities.

**14. CAPITAL COMMITMENTS**

As at 31 August 2020, the Target Company did not have any material capital commitment.

**15. RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the Historical Financial Information, the Target Company had no other related party transactions during the Relevant Period.

**Key management personnel remuneration**

The sole director of the Target Company is considered to be the key management personnel of the Target Company and no remuneration was paid or payable to the directors and senior management during the Relevant Period.

**16. MAJOR NON-CASH TRANSACTIONS**

On 7 August 2020 upon incorporation, the Target Company issued 1 ordinary share to its sole shareholder Profit Joy amounted to USD1, which is equivalent to HK\$8. During the period ended 31 August 2020, the Target Company further issued 99 ordinary shares to Profit Joy amounted to USD99 which is equivalent to HK\$767. The shares were settled by transferal of 22% of the equity interest in CESIZ Cambodia from Mr. Vong Pech, the ultimate shareholder of Profit Joy, of approximately HK\$1,116,207,000 during the period ended 31 August 2020, and the remaining HK\$1,116,206,000 was credited to share premium as capital injection.

**17. FINANCIAL RISK MANAGEMENT**

The Target Company is exposed to financial risks through its use of financial instruments in its ordinary course of business. The financial risk includes credit risk.

Policy for managing the risk is set by the sole director of the Target Company. The policy for the above risk is described in more detail below.

**(a) Summary of financial assets by category**

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Period are as follows:

**As at 31 August  
2020  
HK\$'000**

Financial assets at amortised costs:

*Loan and receivables:*

— Amount due from immediate holding company	—*
	—*
	<u>                    </u>
	<u>                    </u>

\* Represents amount less than HK\$1,000

The sole director of the Target Company considers that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair values.

**(b) Credit risk**

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Target Company. The Target Company exposes to credit risk from loans and receivables. The Target Company has adopted a credit policy to monitor and mitigate credit risk arising from its immediate holding company. Credit limit is regularly reviewed and approved by the directors. The Target Company assesses credit risk based on debtors' past due records, trading history, financial conditions or credit ratings. The Target Company is not exposed to concentration of credit risk.

**(c) Foreign currency risk**

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Target Company mainly operates and invests in Cambodia with all the transactions denominated and settled in USD and hence, the Target Company is not subject to any foreign currency risk.

The measures to manage foreign currency risk have been followed by the Target Company and are considered to be effective.

**18. CAPITAL RISK MANAGEMENT**

The sole director of the Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Company consists of equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The sole director of the Target Company reviews the capital structure on a regular basis. As part of this review, the sole director considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director, the Target Company will balance its overall capital structure through capital contribution.

Management regards total equity as capital. The amount of capital as at 31 August 2020 amounted to approximately HK\$1,116,207,000, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

**19. EVENT AFTER THE END OF RELEVANT PERIOD**

The Target Company has no significant events subsequent to the reporting date.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 August 2020.

*Set out below is the text of a report received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, which has been prepared for the purpose of incorporation in this circular.*



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## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED**

### **Introduction**

We were engaged to report on the historical financial information of CESIZ (CAMBODIA) CO., LTD. (the “**Project Company**”) set out on pages 4 to 24, which comprises the statements of financial position as at 31 December 2017, 2018 and 2019 and 30 June 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 period from 28 November 2017 (date of incorporation) to 31 December 2017, years ended 31 December 2018 and 2019, and for the six months ended 30 June 2020 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages 4 to 7 forms an integral part of this report, which has been prepared for inclusion in the circular of Hao Tian International Construction Investment Group Limited (the “**Company**”) dated 11 December 2020 in connection with the proposed acquisition of 100% equity interests in the Target Company by the Company.

### **Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

Our responsibility is to conduct work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 (“**HKSIR 200**”) “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Based on our work done, we express an opinion on

the Historical Financial Information and report our opinion to you. HKSIR 200 requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 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 directors, 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 gives, for the purposes of the accountants' report, a true and fair view of the Project Company's financial position as at 31 December 2017, 2018 and 2019 and 30 June 2020, and of the Project Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

### **Review of Stub Period Comparative Historical Financial Information**

We have reviewed the stub period comparative historical financial information of the Project Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of presentation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit

conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 3 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

**BDO Limited**

*Certified Public Accountants*

**Wan Che Bun**

Practising Certificate Number P05804

Hong Kong

11 December 2020



## I. HISTORICAL FINANCIAL INFORMATION OF THE PROJECT COMPANY

The following is the Historical Financial Information of the Project Company prepared by the directors of the Company and forms an integral part of this accountants' report.

The financial statements of the Project Company for the Relevant Periods (the “**Underlying Financial Statements**”), on which the Historical Financial Information of the Project Company is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in United States Dollar (“USD”) and all values are rounded to the nearest thousands (“USD’000”) except when otherwise indicated.

**Statements of Profit or Loss and Other Comprehensive Income**

		28 November 2017 (date of incorporation)	Year ended 31 December			Six months ended 30 June	
		to	2017	2018	2019	2019	2020
	Notes	31 December	USD’000	USD’000	USD’000	USD’000	USD’000
						(Unaudited)	
Revenue	6		—	—	—	—	—
Administrative expenses			(25)	(308)	(460)	(197)	(144)
Finance expenses			—	—	—	—	—
<b>Loss before income tax</b>	7		(25)	(308)	(460)	(197)	(144)
Income tax expense	8		—	—	—	—	—
<b>Net loss after income tax</b>			<u>(25)</u>	<u>(308)</u>	<u>(460)</u>	<u>(197)</u>	<u>(144)</u>

## Statements of Financial Position

		As at 31 December			As at
		2017	2018	2019	30 June
	Notes	USD'000	USD'000	USD'000	2020
					USD'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	—	—	3	3
		—	—	3	3
<b>Current assets</b>					
Property under development	11	—	—	—	655,600
Other receivables	12	1,000	1,000	1,004	4
Cash and bank balances		—*	—*	1	1
		1,000	1,000	1,005	655,605
<b>Current liabilities</b>					
Other payables	13	25	333	801	945
		25	333	801	945
<b>Net current assets</b>		<u>975</u>	<u>667</u>	<u>204</u>	<u>654,660</u>
<b>Total assets less current liabilities</b>		<u>975</u>	<u>667</u>	<u>207</u>	<u>654,663</u>
<b>NET ASSETS</b>		<u>975</u>	<u>667</u>	<u>207</u>	<u>654,663</u>
<b>Capital and Reserves</b>					
Share capital	14	1,000	1,000	1,000	180,000
Reserves		(25)	(333)	(793)	474,663
<b>Total equity</b>		<u>975</u>	<u>667</u>	<u>207</u>	<u>654,663</u>

\* Represents amount less than USD1,000

## Statement of Changes in Equity

	Share capital <i>USD'000</i>	Capital reserve <i>USD'000</i>	Accumulated loss <i>USD'000</i>	Total equity <i>USD'000</i>
<b>Balance as at 28 November 2017 (Date of Incorporation) (Note 18)</b>	1,000	—	—	1,000
Loss for the period	—	—	(25)	(25)
<b>Balance as at 31 December 2017 and 1 January 2018</b>	<u>1,000</u>	<u>—</u>	<u>(25)</u>	<u>975</u>
Loss for the year	—	—	(308)	(308)
<b>Balance as at 31 December 2018, 1 January 2019</b>	<u>1,000</u>	<u>—</u>	<u>(333)</u>	<u>667</u>
Loss for the year	—	—	(460)	(460)
<b>Balance as at 31 December 2019, 1 January 2020</b>	<u>1,000</u>	<u>—</u>	<u>(793)</u>	<u>207</u>
Loss for the year	—	—	(144)	(144)
Capital injection from shareholder (Note 18)	179,000	475,600	—	654,600
<b>Balance as at 30 June 2020</b>	<u>180,000</u>	<u>475,600</u>	<u>(937)</u>	<u>654,663</u>
<b>Balance at 1 January 2019</b>	1,000	—	(333)	667
Loss for the period	—	—	(144)	(144)
<b>Balance as at 30 June 2020 (unaudited)</b>	<u>1,000</u>	<u>—</u>	<u>(477)</u>	<u>523</u>

## Statements of Cash Flows

	28 November 2017 (date of incorporation) to	Year ended 31 December		Six months ended 30 June	
	31 December 2017	2018	2019	2019	2020
	USD'000	USD'000	USD'000	USD'000	USD'000
				(Unaudited)	
<b>Cash flows from operating activities</b>					
Loss before income tax expense	(25)	(308)	(460)	(197)	(144)
Adjustments for:					
Depreciation	—	—	1	—*	—*
<b>Operating profit before working capital changes</b>	(25)	(308)	(459)	(197)	(144)
Increase in other payables and accruals	25	308	460	197	144
<b>Net cash generated from operating activities</b>	—*	—*	1	—*	—*
<b>Net increase in cash and bank</b>	—*	—*	1	—*	—*
<b>Cash and cash equivalents at the beginning of the period/year</b>	—	—*	—*	—*	1
<b>Cash and cash equivalents at the end of the period/year</b>	—*	—*	1	—*	1

\* Represents amount less than USD1,000

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE PROJECT COMPANY

### 1. GENERAL INFORMATION

CESIZ (CAMBODIA) CO., LTD. (the “**Project Company**”) was incorporated in the Kingdom of Cambodia with limited liability on 28 November 2017. Its registered office and principal place of business are located at No. F08/17, 598 Street, Khmuonh Village, Khmouonh Commune, Sen Sok District, Phnom Penh, Cambodia.

The Project Company is principally engaged in real estate development.

During the Relevant Periods, the Project Company is wholly owned by Mr. Vong Pech, who is also the sole director of the Project Company.

On 27 August 2020, Mr. Vong Pech transferred 22% of the equity interest in the Project Company to the Target Company. Mr. Vong Pech remained the ultimate beneficiary owner and a director of the Project Company.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Project Company.

Amendments to HKFRS 16	Covid-19 Related Rent Concessions <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract <sup>2</sup>
Annual improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards; HKFRS 9 Financial Instruments; HKFRS 16 Leases; HKAS 41 Agriculture <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

1 Effective for accounting periods beginning on or after 1 June 2020

2 Effective for accounting periods beginning on or after 1 January 2022

3 Effective for accounting periods beginning on or after 1 January 2023

4 Effective for annual periods beginning on or after a date to be determined.

The Project Company is in the process of making assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact to the Project Company’s Historical Financial Information.

**3. BASIS OF PREPARATION AND PRESENTATION****(a) Basis of preparation**

The principle accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA are set out in note 4. The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates and key sources of estimation uncertainty. It also requires management of the Project Company to exercise its judgement in the process of applying the Project Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Project Company and became effective during the Relevant Periods. For the purpose of preparing and presenting the Historical Financial Information, the Project Company has early adopted HKFRSs issued by the HKICPA, which are effective for periods beginning on 1 January 2020 throughout the Relevant Periods. The Project Company has not early adopted any new standards, amendments to standards and interpretations which have been issued but are not yet effective as at 1 January 2020 are set out in note 2.

**(b) Basis of measurement and going concern assumption**

The Historical Financial Information have been prepared under the historical cost basis.

The sole director considers that the Project Company will have adequate funds available to enable it to operate as a going concern because of the following:

- (a) the sole shareholder has agreed to provide continual financial support and adequate funds to the Project Company to enable it to meet its liability as and when it fall due and has undertaken not to demand repayment of the Project Company until the Project Company is in a position to repay without impairing its liquidity and financial position; and
- (b) continual financial support has been given by Victory Bright Limited to the Project Company upon the completion of the Acquisition.

Accordingly, the Financial Information has been prepared on a going concern basis which assumes, among other things, the realisation of an asset and satisfaction of a liability in the normal course of business. The Financial Information does not include any adjustments that might be necessary should the Project Company not be able to continue as a going concern.

**(c) Functional and presentation currency**

The Historical Financial Information is presented in United States Dollars (“**USD**”) which is also the functional currency of the Project Company and all values are rounded to the nearest thousands (“**USD’000**”) except when otherwise indicated. The functional currency of the Project Company has been determined as USD rather than Cambodian Riel, the national currency of Cambodia, on the basis that operation transactions are undertaken in USD.

**3.1 Incomparability of the historical financial information**

As the Project Company was incorporated on 28 November 2017, the financial information in the financial period of 2017 covered a period of less than two months from 28 November 2017 to 31 December 2017 while the financial period of 2018 and 2019 covered a period of twelve months and the stub period ended 30 June 2020

covered a period of six months. As a result, the financial information comprising of statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related disclosure notes of 2017 is incomparable with that of 2018, 2019 and six months ended 30 June 2020.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Project Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenses, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Office equipment	20%
------------------	-----

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment 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 derecognition of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

##### **4.2 Properties under development**

Properties under development developed for future sale in the ordinary course of business are included in current assets at the lower of cost and net realisable value. It comprises the consideration for development expenditure (which includes cost of land use rights, construction costs and capitalised interest) directly contributable to the development of the properties.

##### **4.3 Impairment of assets (other than financial assets)**

At the end of each reporting period, the Project Company reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

#### **4.4 Financial Instruments**

Financial assets and financial liabilities are recognised when a Project Company's entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *(i) Financial assets*

At initial recognition, the Project Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Project Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Project Company's business model for managing the asset and the cash flow characteristics of the asset. The Project Company classifies its debt instruments into the following measurement category.

##### *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.



FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

**(ii) *Expected credited loss on financial assets***

For other receivables, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Project Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Project Company's historical experience and informed credit assessment and including forward-looking information.

**(iii) *Financial liabilities***

The Project Company classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, amount due to related companies, bills payable and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

**(iv) *Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

**(v) *Share capital***

The share capital of the Project Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Project Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

**4.5 Borrowing costs**

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

**4.6 Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**4.7 Employee benefit**

*Retirement benefit costs*

There is no mandatory retirement plans in Cambodia except for government employees and veterans who are eligible for government-run pension plans.

*Short term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Project Company in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

#### **4.8 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when Project Company has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### **4.9 Related parties**

For the purposes of the Financial Information, a party is considered to be related to the Project Company if:

- (a) A person or a close member of that person's family is related to the Project Company if that person:
  - (i) has control or joint control over the Project Company;
  - (ii) has significant influence over the Project Company; or
  - (iii) is a member of key management personnel of the Project Company or the Project Company's parent.
- (b) An entity is related to the Project Company if any of the following conditions apply:
  - (i) The entity and the Project Company are members of the same company (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 company 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 the employees of the Project Company or an entity related to the Project 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 key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the Project Company or to the Project 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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

#### **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Project Company's accounting policies, which are described in note 4, the sole director 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

##### **(a) Impairment of financial assets**

The measurement of expected credited losses on financial assets under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credited losses on financial assets and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Project Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Project Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

##### **(b) Estimated net realisable value of properties under development**

Management reviews the net realisable value of the Project Company's properties under development and held for sale with reference to its estimated costs to completion, intended use and current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its net realisable value. Appropriate write-off to estimated net realizable value is recognised in profit or loss when there is objective evidence that the asset is impaired.

In determining whether write-off of properties under development and held for sale is required, the Project Company takes into consideration the intended use of the properties, the estimated costs to completion, the current market environment, the estimated market value of the properties and/or the present value of future cash flows expected to receive. Write-off is recognised based on the higher of estimated future cash flows and estimated market value. If the market environment/circumstances or estimated costs to completion changes significantly, resulting in a decrease in the net realisable value of these properties interest, additional write-off loss may be required. The carrying amounts of properties under development and held for sale as at 31 December 2017, 2018, 2019 and 30 June 2020 are USDNIL, USDNIL, USDNIL and USD655,600,000 respectively. More details are given in note 11.

## **6. REVENUE AND SEGMENT REPORTING**

### **Operating Segment Information**

The sole director of the Project Company has been identified as the chief operating decision-maker of the Project Company who reviews the Project Company's internal reporting in order to assess performance of the Project Company on a regular basis and allocate resources. The Project Company is principally engaged in real estate development. The chief operating decision-maker assesses performance of this business unit based on a measure of operating results and considers this business unit in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Project Company as a whole as the Project Company's resources are integrated. Accordingly, the Project Company has identified one operating segment — real estate development.

#### *Information about major customer*

No revenue is generated by the Project Company during the Relevant Periods. Accordingly, no individual external customer is presented.

#### *Information about geographical area*

No revenue is generated by the Project Company during the Relevant Periods. As at 30 June 2020, all of the non-current assets were located in Cambodia.

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	28 November 2017 (date of incorporation)		Year ended 31 December		Six months ended 30 June	
	to					
	31 December 2017	2018	2019	2019	2020	
	USD'000	USD'000	USD'000	USD'000	USD'000	
Auditor's remuneration	—	—	—	—	—	
Depreciation on property, plant and equipment	—	—	1	—*	—*	
Staff costs (including directors' remuneration)	—	12	1	—*	1	
	<u>—</u>	<u>12</u>	<u>1</u>	<u>—*</u>	<u>1</u>	

\* Represents amount less than USD1,000

## 8. INCOME TAX EXPENSE

No provision for tax on profit of Cambodia has been made as the Project Company did not generate any assessable profits in Cambodia during the Relevant Periods.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	28 November 2017 (date of incorporation)		Year ended 31 December		Six months ended 30 June	
	to 31 December					
	2017	2018	2019	2019	2020	
	USD'000	USD'000	USD'000	USD'000	USD'000	
Loss before tax	<u>(25)</u>	<u>(308)</u>	<u>(460)</u>	<u>(197)</u>	<u>(144)</u>	
Tax at the statutory rate of 20%	(5)	(62)	(92)	(39)	(29)	
Expenses not deductible for tax	<u>5</u>	<u>62</u>	<u>92</u>	<u>39</u>	<u>29</u>	
Tax charge at the Project Company's effective rate	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	

There is no significant unprovided deferred tax in respect of the year/period as at the end of each of the Relevant Periods.

**9. SOLE DIRECTOR'S EMOLUMENTS**

During the Relevant Periods, no emoluments, retirement benefits, payments or benefits in respect of termination of the sole director's services were paid or made, directly or indirectly, to the sole director; nor are there any payable.

There was no arrangement under which the sole director waived or agreed to waive any remuneration during the Relevant Periods. In addition, no remuneration was paid by the Project Company to the sole director as an inducement to join, or upon joining the Project Company or as a compensation for loss of office during the Relevant Periods.

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Office equipment</b> <i>USD'000</i>
<b>Cost</b>	
At 28 November 2017 (Date of Incorporation), 31 December 2017, 1 January 2018, 31 December 2018 and 1 January 2019	—
Additions	<u>4</u>
At 31 December 2019 and 30 June 2020	<u><u>4</u></u>
<b>Accumulated depreciation</b>	
At 28 November 2017 (Date of Incorporation), 31 December 2017, 1 January 2018, 31 December 2018 and 1 January 2019	—
Charged for the year	<u>1</u>
At 31 December 2019	1
Charged for the period	<u>—*</u>
At 30 June 2020	<u><u>1</u></u>
<b>Carrying amounts</b>	
At 31 December 2017	<u><u>—</u></u>
At 31 December 2018	<u><u>—</u></u>
At 31 December 2019	<u><u>3</u></u>
At 30 June 2020	<u><u>3</u></u>

\* Represents amount less than USD1,000

## 11. PROPERTIES UNDER DEVELOPMENT

	28 November 2017 (date of incorporation)			
	to 31 December 2017	Year ended 31 December		As at 30 June 2020
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Freehold land in Cambodia	—	—	—	655,600
Properties under development expected to be completed:				
Within normal operating cycle included under current assets*	—	—	—	655,600
Beyond normal operating cycle included under non-current assets*	—	—	—	—
	—	—	—	655,600
Properties under development expected to be completed within normal operating cycle and recovered:				
Within one year*	—	—	—	—
More than one year*	—	—	—	655,600
	—	—	—	655,600

\* Based on the current best estimates made by the Project Company's senior management.

*Note:* Properties under development represent the project cost, land acquisition cost, compensation cost and other preliminary infrastructure costs in relation to the Project Company's property development projects situated in Cambodia. All of the above properties held for sale are to be sold as part of the normal operating cycle of the Project Company thus they are classified as current assets.



## APPENDIX III

## ACCOUNTANTS' REPORT OF THE PROJECT COMPANY

### 12. OTHER RECEIVABLES

	As at 31 December		As at 30 June	
	2017 USD'000	2018 USD'000	2019 USD'000	2020 USD'000
Current:				
Amount due from sole shareholder (Note)	1,000	1,000	1,000	—
Others	—	—	4	4
	<u>1,000</u>	<u>1,000</u>	<u>1,004</u>	<u>4</u>

Note: The amount due was unsecured, interest-free and repayable on demand.

### 13. OTHER PAYABLES

	As at 31 December		As at 30 June	
	2017 USD'000	2018 USD'000	2019 USD'000	2020 USD'000
Amount due to a related party (note)	<u>25</u>	<u>333</u>	<u>801</u>	<u>945</u>
	<u>25</u>	<u>333</u>	<u>801</u>	<u>945</u>

Note: The amount represents amount payable to a related party, which was controlled by the sole shareholder of the Project Company. The amount due was unsecured, interest-free and repayable on demand.

### 14. SHARE CAPITAL

	Number of shares	Amount KHR'000	Amount equivalent USD'000
<i>Authorised:</i>			
Ordinary shares of KHR4,000,000 each			
As at 31 December 2017, 1 January 2018, 31 December 2018, 1 January 2019, 31 December 2019, 1 January 2020			
Increase during the period	<u>179,000</u>	<u>716,000,000</u>	<u>179,000</u>
As at 30 June 2020	<u>180,000</u>	<u>720,000,000</u>	<u>180,000</u>
<i>Issued and fully paid:</i>			
Ordinary share			
As at 31 December 2017, 1 January 2018, 31 December 2018, 1 January 2019, 31 December 2019 and 1 January 2020			
Capital injection from shareholder (Note 18)	<u>179,000</u>	<u>716,000,000</u>	<u>179,000</u>
As at 30 June 2020	<u>180,000</u>	<u>720,000,000</u>	<u>180,000</u>

**15. CONTINGENT LIABILITIES**

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Project Company did not have any material contingent liabilities.

**16. CAPITAL COMMITMENTS**

	As at 31 December		As at 30 June	
	2017	2018	2019	2020
	USD'000	USD'000	USD'000	USD'000
Capital expenditure contracted for but not provided in the financial statements in respect of:				
— property development expenditures	—	256	209	209

**17. RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the Historical Financial Information, the Project Company had no other related party transactions during the Relevant Periods.

**Key management personnel remuneration**

The sole director of the Project Company is considered to be the key management personnel of the Project Company and no remuneration was paid or payable to the sole director and senior management during the Relevant Periods.

**18. MAJOR NON-CASH TRANSACTIONS**

On 28 November 2017 upon incorporation, the Project Company issued 1,000 ordinary shares to its sole shareholder, Mr. Vong Pech, amounted to USD1,000,000. During the six months ended 30 June 2020, the Project Company further issued 179,000 ordinary shares to sole shareholder Vong Pech amounted to USD179,000,000. The above-mentioned 180,000 shares were settled by transferal of freehold land of approximately USD655,600,000 during the six months ended 30 June 2020, and the remaining USD475,600,000 was credited to share premium as capital injection.

**19. FINANCIAL RISK MANAGEMENT**

The Project Company's major financial instruments include other receivables, cash and cash equivalents accruals and other payables. Details of these financial instruments are disclosed in the respective notes. The Project Company has no significant exposure to interest rate risk, liquidity risk and credit risk. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**(a) Foreign currency risk**

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Project Company mainly operates and invests in Cambodia with all the transactions denominated and settled in USD and hence, the Project Company is not subject to any foreign currency risk.

The measures to manage foreign currency risk have been followed by the Project Company and are considered to be effective.

(b) Liquidity risk

Liquidity risk related to the risk that the Project Company will not be able to meet its obligation associated with its financial liabilities.

The following tables show the remaining contractual maturities at the reporting date of the Project Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Project Company can be required to pay.

	<b>Carrying amount</b> <i>USD'000</i>	<b>Total contractual undiscounted cash flow</b> <i>USD'000</i>	<b>Within 1 year or on demand</b> <i>USD'000</i>
<b>At 31 December 2017</b>			
Other payables	25	25	25
<b>At 31 December 2018</b>			
Other payables	333	333	333
<b>At 31 December 2019</b>			
Other payables	801	801	801
<b>At 30 June 2020</b>			
Other payables	945	945	945

## 20. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities as defined in notes 4.4(i) and 4.4(iii) respectively.

	As at 31 December			As at
	2017	2018	2019	30 June
	USD'000	USD'000	USD'000	2020
				USD'000
<b>Financial assets at amortised costs:</b>				
— Other receivables	1,000	1,000	1,004	4
— Cash and bank balances	—*	—*	1	1
	<u>1,000</u>	<u>1,000</u>	<u>1,005</u>	<u>5</u>
<b>Financial liabilities at amortised costs:</b>				
— Other payables	<u>25</u>	<u>333</u>	<u>801</u>	<u>945</u>

\* Represents amount less than USD1,000

The sole director of the Project Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair values.

## 21. CAPITAL RISK MANAGEMENT

The Project Company manages its capital to ensure that the Project Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Project Company consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Project Company, comprising issued share capital and reserves, respectively.

The sole director of the Project Company reviews the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Project Company will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at 30 June 2020 amounted to approximately USD654,663,000, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

## 22. EVENT AFTER THE END OF RELEVANT PERIODS

The Project Company has no significant events subsequent to the reporting date.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Project Company in respect of any period subsequent to 30 June 2020.

Set out below is the management discussion and analysis of the Project Company for the period from 28 November 2017 (date of incorporation) to 31 December 2017, years ended 31 December 2018 and 2019, and the six months ended 30 June 2020 (the “**Relevant Periods**”). This discussion of the financial information of the Project Company is based on and should be read in conjunction with the Accountants’ Report of the Project Company set out in Appendix III to this circular.

#### **SEGMENTAL INFORMATION**

The Project Company is principally engaged in investment in urban complex development project in Cambodia, and therefore has one single reportable segment.

#### **Operating Segment Information**

The sole director of the Project Company has been identified as the chief operating decision-maker of the Project Company who reviews the Project Company’s internal reporting in order to assess performance of the Project Company on a regular basis and allocate resources. The Project Company is principally engaged in real estate development. The chief operating decision-maker assesses performance of this business unit based on a measure of operating results and considers this business unit in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Project Company as a whole as the Project Company’s resources are integrated. Accordingly, the Project Company has identified one operating segment — real estate development.

#### **Information about major customer**

No revenue is generated by the Project Company during the Relevant Periods. Accordingly, no individual external customer is presented.

#### **Information about geographical area**

No revenue is generated by the Project Company during the Relevant Periods.

As at 30 June 2020, all of the non-current assets were located in Cambodia.

#### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2020, the Project Company had no borrowings.

**CAPITAL STRUCTURE**

The capital structure of the Project Company consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Project Company, comprising issued share capital and reserves, respectively.

The sole director of the Project Company reviews the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Project Company will balance its overall capital structure through the payment of dividends, new shares issue and share buy back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at 30 June 2020 amounted to approximately US\$655 million, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

**SIGNIFICANT INVESTMENTS HELD**

As at 30 June 2020, the main asset of the Project Company was the property under development in Cambodia.

**REVENUE**

No revenue was generated during the Relevant Period.

**PROPERTY UNDER DEVELOPMENT**

The amount mainly comprised the value of the land injected by the original owner, which was approximately US\$656 million as at 30 June 2020.

**GEARING RATIO**

The Project Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. During the Relevant Period, gearing ratio is not applicable as there was no indebtedness incurred. The Project Company will consider financing for the upcoming infrastructure.

**CASH AND CASH EQUIVALENTS**

The Project Company's bank cash and cash equivalents were all denominated in United States Dollar ("USD").

**CAPITAL COMMITMENT**

As at 30 June 2020, the Project Company had no material capital commitments.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

There was neither acquisition nor disposal of subsidiaries and associated companies during the Relevant Period.

**EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Project Company operates in Cambodia where USD is its functional currency. There is no exposure to fluctuations in exchange rates nor any hedge to foreign currency exposure.

**CHARGE ON ASSETS**

As at 30 June 2020, the Project Company had no charge over its assets.

**CONTINGENT LIABILITIES**

As at 31 December 2018, 31 December 2019 and 30 June 2020, the Project Company had no significant contingent liabilities.

**EMPLOYEES AND REMUNERATION POLICIES**

During the Relevant Period, the Project Company had no employees.

**MATERIAL INVESTMENTS**

Please refer to “Prospect of the project” paragraph under the “Letter from the Board” session for the future plans of the investments and their expected sources of funding.



*The information set out in this appendix does not form part of the accountants' reports prepared by the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, set out in Appendix II to this circular, and are included to herein for illustrative purpose only.*

**I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP****1. Introduction**

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information"), has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants, for the purpose of illustrating the financial impact of the acquisition of 100% equity interest in Alcott Global Limited (the "Target Company") by Hao Tian International Construction Investment Group Limited (the "Company") and its subsidiaries (the "Group") (the "Proposed Acquisition") on the assets and liabilities of Group as if the Proposed Acquisition had been completed on 30 September 2020. The Group, and the Target Company are collectively referred to as the Enlarged Group.

The basis of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group is set out below:

- (a) The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group has been prepared based on (i) the condensed consolidated statement of financial position of the Group as at 30 September 2020 as set out in the published unaudited interim results of the Group for the six months ended 30 September 2020; and (ii) the statement of financial position of the Target Company as at 31 August 2020 as extracted from the accountants' report as set out in Appendix II to the Circular.
- (b) After taking into account of the unaudited pro forma adjustments, which are directly attributable to the Proposed Acquisition and factually supportable, as described in the notes thereto to demonstrate how the Proposed Acquisition might have affected the assets and liabilities of the Group as if the Proposed Acquisition had taken place on 30 September 2020.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group contained in the unaudited interim results of the Group for the six months ended 30 September 2020 and the accountants' report of the Target Company as set out in Appendix II to the Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company based on a number of assumptions, estimate, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group that would have been attained had the Proposed Acquisition been completed on 30 September 2020 or any other date.

**APPENDIX V**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**
**2. Unaudited pro forma consolidated statement of assets and liabilities of the  
Enlarged Group**

	The Group as at 30 September 2020	The Target Company as at 31 August 2020	Unaudited pro forma adjustments		Pro forma Enlarged Group as at 30 September 2020
			HK\$'million (Note 3)	HK\$'million (Note 4)	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	243	—			243
Intangible assets	13	—			13
Goodwill	42	—			42
Investments in associates	86	1,116		2	1,204
Investments in joint ventures	226	—			226
Finance lease receivables	4	—			4
Loan receivables	72	—			72
Financial assets designated at fair value through other comprehensive income	163	—			163
Deferred tax assets	8	—			8
Pledged bank deposits	5	—			5
Other non-current assets	1	—			1
<b>Total non-current assets</b>	<b>863</b>	<b>1,116</b>			<b>1,981</b>
<b>CURRENT ASSETS</b>					
Inventories	86	—			86
Trade receivables	131	—			131
Other receivables, deposits and prepayments	11	—			11
Finance lease receivables	4	—			4
Loan receivables	288	—			288
Financial assets at fair value through profit or loss	72	—			72
Trust and segregated bank accounts	19	—			19
Cash and cash equivalents	144	—			144
<b>Total current assets</b>	<b>755</b>	<b>—</b>			<b>755</b>

**APPENDIX V**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

	The Group as at 30 September 2020	The Target Company as at 31 August 2020	Unaudited pro forma adjustments		Pro forma Enlarged Group as at 30 September 2020
			HK\$'million (Note 3)	HK\$'million (Note 4)	
	HK\$'million (Note 1)	HK\$'million (Note 2)	HK\$'million (Note 3)	HK\$'million (Note 4)	HK\$'million
<b>CURRENT LIABILITIES</b>					
Trade payables	37	—			37
Other payables, deposits received, accruals and contract liabilities	44	—		2	46
Bank and other borrowings	134	—			134
Lease liabilities	11	—			11
Income tax payable	14	—			14
<b>Total current liabilities</b>	<u>240</u>	<u>—</u>			<u>242</u>
<b>NET CURRENT ASSETS</b>	<u>515</u>	<u>—</u>			<u>513</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,378</u>	<u>1,116</u>			<u>2,494</u>
<b>NON-CURRENT LIABILITIES</b>					
Bank and other borrowings	102	—			102
Convertible note payable	99	—	82		181
Lease liabilities	22	—			22
Deferred tax liabilities	26	—			26
Note payable	—	—	552		552
<b>Total non-current liabilities</b>	<u>249</u>	<u>—</u>			<u>883</u>
<b>Net assets</b>	<u>1,129</u>	<u>1,116</u>			<u>1,611</u>

**Notes to the Unaudited Pro Forma Financial Information:**

1. The balances were extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2020 as set out in the published unaudited interim results of the Group for the six months ended 30 September 2020.
2. The principal activity of the Target Company is investment holding and its principal assets is investment in an associate. The Proposed Acquisition is determined by the directors of the Company to be acquisition of assets and liabilities, being the investment in an associate and its associated assets and liabilities through acquisition of the Target Company rather than a business combination as defined in Hong Kong Financial Reporting Standard 3 (Revised) “Business Combinations” issued by the HKICPA. The directors of the Company consider the accounting treatment is consistent with the accounting policies of the Group and will also adopt it in the audited financial statements of the Enlarged Group in the future.

For the purpose of the Unaudited Pro Forma Financial Information and solely for illustrative purpose only, the net assets value of the Target Company as at 30 September 2020 of approximately HK\$1,116,000,000 is assumed by the directors of the Company as to be the same as the value as at 31 August 2020, and is considered and estimated by the directors of the Company as the aggregate fair value of the assets and liabilities of the Target Company upon completion of the Proposed Acquisition. Accordingly, the fair values of the assets and liabilities of the Target Company as at the date of completion of the Proposed Acquisition may be different from the amount used in the preparation of the Unaudited Pro Forma Financial Information and the final amounts of the identifiable net assets and the adjusted consideration to be recognised in connection with the Proposed Acquisition may be different from the amounts presented here and the differences may be significant.

The allocation to respective assets and liabilities are as follows:

	<i>HK\$'million</i>
Investment in associate	1,116
	1,116

3. The adjustment represents the consideration to be paid by the Group with respect to the Proposed Acquisition. Pursuant to the sale and purchase agreement for the Proposed Acquisition dated 4 September 2020 (the “Agreement”) entered into between the Company, Soaring Wealth Ventures Limited (the “Seller”) and Victory Bright Limited, (an indirect wholly-owned subsidiary of the Company, and the “Buyer”), the Buyer conditionally agreed to purchase and the Seller conditionally agreed to sell the entire equity interest in the Target Company at the purchase consideration of HK\$1,125,000,000 which will be satisfied by:
  - (i) allotment and issue of 500,000,000 ordinary shares by the Company at completion date (the “Consideration Shares”).
  - (ii) issue of Consideration Notes in the total principal amount of HK\$850,000,000 which will mature on the third anniversary of the date of issue of the Consideration Notes (“Initial Maturity Date”), and bear 5% interest rate per annum and payable in arrears given certain conditions are satisfied. The Company shall at its sole discretion extend the Initial Maturity Date for further term of one year (the “Extended Maturity Date”) if there is any outstanding amount under the Consideration Notes on the last day of the Initial Maturity Date, the Company shall at its sole discretion further extend the Initial

Maturity Date for another term of one year (the “Further Extended Maturity Date”) and such Extended Maturity Date is, at the Company’s option, extendable for such successive term(s) of one year until there is no outstanding amount under the Consideration Notes.

The Company shall have the right (but not the obligation) at any time before the relevant maturity date and from time to time by serving at least fifteen (15) Business Days prior written notice to the noteholders to redeem the Consideration Notes (all or any part) at Early Redemption price, being the aggregate of the outstanding principal amount of such Consideration Notes together with all accrual and unpaid interest and any other outstanding amount accrual and payable up to the date of such early redemption; and

- (iii) issue of Consideration Convertible Bonds (“Consideration CB”) by the Company in the principal amount of HK\$150,000,000 to the Seller. The Consideration CB, which mature on the third anniversary of the date of issue of the Consideration CB and bear an annual interest of 5%, are convertible at any time from the day immediately following the date of the issue of the Consideration CB up to the maturity date in an amount representing a whole multiple of HK\$10,000,000 at a conversion price of HK\$0.30 per share.

The Company may at its sole discretion at any time before maturity and from time to time by serving at least ten (10) Business Days prior written notice to the CB Holder to redeem the Consideration CB (in whole but not in part) at the outstanding principal amount of such Consideration CB together with interest accrued up to the date of such early redemption.

The fair values of Consideration Notes and Consideration CB are estimated by the directors of the Company.

4. The adjustment reflects the estimated transaction costs of approximately HK\$2,000,000 which were mainly legal and professional fees payable that are directly attributable to the Proposed Acquisition.
5. The directors of the Company confirm that the basis used in the preparation of the Unaudited Pro Forma Financial Information will be consistent with the accounting policies of the Group, and the principal accounting policies and assumptions of the valuation of the identified assets and liabilities of the Target Company to be consistently adopted in the first set of the financial statements of the Group after the completion of the Proposed Acquisition.
6. Apart from the Proposed Acquisition, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020 and of the Target Company entered into subsequent to 31 August 2020.

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.*



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## **II. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

### **To the directors of Hao Tian International Construction Investment Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hao Tian International Construction Investment Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities and related notes as set out on pages 3 to 6 of Appendix V to the Company's circular dated 11 December 2020 (the "Circular"), in connection with the proposed acquisition of 100% equity interest in Alcott Global Limited (the "Target Company") pursuant to the sales and purchase agreement dated 4 September 2020 (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are set out from Page 1 to 2 of Appendix V of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's assets and liabilities as at 30 September 2020 as if the Proposed Acquisition had taken place at 30 September 2020. As part of this process, information about the Group's assets and liabilities has been extracted by the directors of the Company from the Company's unaudited consolidated interim result for the six months ended 30 September 2020.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 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 Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 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 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 of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.



For purposes 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 entity 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 Proposed Acquisition at 30 September 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 unaudited 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 accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, 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 by the directors of the Company 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**BDO Limited**

*Certified Public Accountants*

Hong Kong

11 December 2020



Unit 3B, 3F., Block A, Hong Kong Industrial Centre,  
488-491 Castle Peak Road, Lai Chi Kok, Kowloon

**The Board of Directors**  
**Hao Tian International Construction Investment**  
**Group Limited**

Room 2510–2518, 25/F,  
Shui On Centre,  
6–8 Harbour Road,  
Wanchai,  
Hong Kong

11 December 2020

Dear Sirs/Madam,

**INSTRUCTIONS**

We refer to your instruction for us to value the property interests to be acquired by Hao Tian International Construction Investment Group Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) located in the Kingdom of Cambodia (“**Cambodia**”). We confirm that we have 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 such property interests as at 30 September 2020 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, title investigations and limiting conditions of this valuation.

**BASIS OF VALUATION**

The valuation is our opinion of the market value which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the 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.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical

financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **VALUATION METHODOLOGY**

We have valued the property interests by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Direct comparison method is based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar nature, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

### **VALUATION STANDARDS**

In valuing the property, we have complied with all requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards issued by Hong Kong Institute of Surveyors.

### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the property would be sold in the open market in their existing state, with the benefit of vacant possession, without the benefit of deferred term contract, leaseback, joint venture, management agreement or any similar arrangements which could affect the value of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

We have also assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, all required licenses, permit, certificates, and authorisations have been obtained.

Moreover, in undertaking our valuation for the properties located in Cambodia, we have assumed that, unless otherwise stated, transferable land use rights in respect of such properties for specific terms at nominal annual land use fees have been granted and that any premium payable

has already been fully paid. We have also assumed that the owners of such property have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

#### **TITLE INVESTIGATION**

In the course of our valuation of the property, we have relied on the legal opinions provided by the Company's Cambodia legal advisor and information provided by the Company. We have not, however, examined the original documents to verify ownership or existence of any amendments which do not appear on the copies provided to us. All documents and leases have been used for reference only.

#### **LIMITING CONDITIONS**

We have inspected the property in June, 2020 by Sunny Soo who has over 5 years property valuation experience in Cambodia. During the course of our inspection, we did not note any serious defects. No structural survey has been made and we are therefore unable to report whether the property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development.

We have not carried out detailed on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the tenure, statutory notices, easements, particulars of occupancy, land areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

The outbreak of the Novel Coronavirus (COVID-19) has impacted global financial markets and brought uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the property is valid only at the Valuation Date and any subsequent

changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

We hereby confirm that JP Assets Consultancy Limited and the undersigned have no pecuniary or other interest that could conflict with the property valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

**REMARKS**

We have valued the property in US dollars (“US\$”). We enclose herewith the valuation particular.

Yours faithfully,  
For and on behalf of  
**JP Assets Consultancy Limited**  
**Peggy Y.Y. Lai**  
*MHKIS, MRICS, RPS(GP), BSc*  
*Director*

*Ms. Peggy Y.Y. Lai is a Registered Professional Surveyor (GP) with over 20 years’ experience of properties in HKSAR, Macau SAR, the PRC and the Asia Pacific Region including the Kingdom of Cambodia. Ms. Lai is a member of The Royal Institution of Chartered Surveyors and member of Hong Kong Institute of Surveyors.*

## VALUATION PARTICULAR

## Property to be acquired by the Group

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2020 US\$
Two parcels of land with land nos. 09060401-0001 and 09060403-0001 situated at Koh Kong Province, Cambodia (“ <b>Project Land</b> ”)	The property comprises two adjoining parcels of lands with a total site area of about 17,252,519 sq.m. As advised, the lands are held under freehold lease.	As informed, the property was idle and mainly covered with shrub.	655,600,000 (United States Dollars Six Hundred Fifty Five Million and Six Hundred Thousand Only)

## Notes:

- (i) Pursuant to the Ownership Certificates of Immovable Property Nos. 09060401–0001 and 09060403–0001 provided by HTICI, the land use rights of the property with respective site area of 11,486,777 sq.m. and 5,765,742 sq.m. have been granted to Vong Pech (“**Mr. Vong**”), the sole shareholder of CESIZ (Cambodia) Co., Ltd. (the “**Project Company**”) for housing purpose on June 12, 2019.
- (ii) Pursuant to the Share Capital Contribution and Share Subscription Agreement (the “**Capital Agreement**”) dated 22 June 2020, the beneficial ownership of the Project Land has been transferred to the Project Company on 30 June 2020.
- (iii) Under the sub-decree 122/2019 (the “**Sub-decree**”) on the establishment of special economic zone (the “**Special Economic Zone**”) granted by the Council of Ministers, the Project Land could be developed for residential, industrial and commercial purpose. As informed by the Company, no development plans have been submitted for obtaining consent or approval from the Cambodia government at this preliminary stage.
- (iv) In undertaking our valuation of the Project Land, we have made reference to various market comparables of similar character and locality. The unit rate of these comparables are in a range between US\$23 to US\$70 per sq.m.. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size and, the facilities and infrastructure provided by the Cambodia government in our assessment.
- (v) In the course of our valuation, we have been provided with a legal opinion on the title to the property issued by Heng & Partners Law Group, the Company’s Cambodian legal advisor, which contains, inter alia, the following information.
  - (a) The Ownership Certificates of Immovable Property Nos. 09060401–0001 and 09060403–0001 are valid, legal and enforceable in Cambodia.
  - (b) The Project Company is entitled to occupy, use, mortgage, lease, and transfer the Project Land or any part of the Project Land to any third party.

- (c) Pursuant to the Capital Agreement dated 22 June 2020, Mr. Vong has contributed the Project Land to the Project Company, and the Project Land is currently held by Mr. Vong for the Company, with all benefits and interests pertaining to the Project Land belonging to the Project Company; and:
- the sole shareholder shall be deemed holding the Project Land in trust for the Project Company;
  - all benefits and interests pertaining to or derived from the Project Land shall belong to the Project Company;
  - the sole shareholder shall deal with the Project Land in such a manner as may be instructed by the Project Company from time to time, and shall not sell, transfer, subdivide, lease (either on short term or on long term basis), license any person to occupy or use, or create any encumbrance over any part of the Land unless prior written consent of the Company has been given; and
  - the taxes pertaining to the ownership or holding of the Land from 30 June 2020 onwards shall be borne by the Project Company.
- (d) Under the Sub-Decree 122/2019, the Council of Ministers has approved the Project Company's establishment of a special economic zone with the size of 17,353,519 square meters of the Project Land.
- (e) Under the Sub-Decree 122/2019, all land within the approved special economic zone are the assets of the Project Company. As of the date of the Sub-Decree 122/2019, the Project Land has not been contributed to the Project Company by Mr. Vong, however Mr. Vong has issued a letter of consent for the Project Company to use the Project Land to develop a special economic zone. Since Mr. Vong has been the sole shareholder since the incorporation date of the Project Company, and has given consent for the Project Company to apply for the (Sub-Decree 122/2019, and further considering that the Project Land has been contributed to the Project Company now, we are of the view such discrepancy in the Sub-Decree 122/2019 are not of material significance.
- (f) The Ownership Certificates of Immovable Property record the land use type as "housing", which in Khmer could be understood as "construction", and indicates the land could be used as residential, commercial or industrial development. Given than the Sub-Decree 122/2019 have approved of development of CESIZ on the Project Land, we are not aware of any other legal impediment that would prevent or restrict the use of the Land as industrial land on zoning reasons.
- (vi) We have prepared our valuation based on the following assumptions:
- (g) The land use rights of the property are all with proper titles, and the owner of the property is entitled to occupy, use, mortgage, lease, and transfer the property without any additional land premium, grant fee or other onerous payment to the relevant authorities.
  - (h) The property could be transferred, leased, mortgaged or disposed freely to any third parties.
  - (i) The property is free from any mortgage or third parties' encumbrance.
  - (j) The property is sold on its existing state and condition as at the valuation date.



**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. SHARE CAPITAL****(a) Share capital of the Company**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Consideration Share; and (iii) immediately after the allotment and issue of the Consideration Shares and full conversion of a maximum of 500,000,000 Conversion Shares are as follows (assuming there being no other change in the share capital of the Company):

	<i>HK\$</i>
Authorised share capital:	
<u>20,000,000,000</u> Shares as at the Latest Practicable Date	<u>200,000,000.00</u>
Issued and fully paid or credited as fully paid:	
<u>5,287,954,561</u> Shares as at the Latest Practicable Date	<u>52,879,545.61</u>
Shares to be issued:	
<u>500,000,000</u> Consideration Shares to be issued	<u>5,000,000.00</u>
Conversion Shares to be issued (assuming the conversion rights of Consideration CB being exercised in full)	<u>5,000,000.00</u>
<u>500,000,000</u>	
Total Shares issued and to be issued:	
<u>6,287,954,561</u> Shares	<u>62,879,545.61</u>

All issued shares to be allotted and issued will, when issued, rank *pari passu* in all respects with the Shares then in issue. The Seller will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Consideration Shares and Conversion Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

**(b) Share options**

The existing share option scheme of the Company was adopted 23 October 2015, with options to be granted to any directors, employees and other parties at the discretion of the Board. As at the Latest Practicable Date, no share options have been outstanding.

The Company has issued the 5.0% convertible notes due 2023 in the aggregate principal amount of HK\$213,000,000 to Hao Tian Finance Company Limited, a wholly-owned subsidiary of ALS, on 31 January 2020. As at the Latest Practicable Date, the outstanding principle amount of the convertible notes is HK\$134,000,000 which can be converted into 382,857,143 Shares at the exercise price of HK\$0.35 per Share.

Save as disclosed above, the Company did not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares or any agreement or arrangement to issue Shares.

**3. DISCLOSURE OF INTERESTS OF DIRECTORS IN EQUITY OR DEBT SECURITIES**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Name of Director	Capacity	Number of Shares and underlying Shares held (Long position)	Percentage of total issued share capital as at Latest Practicable Date
Fok Chi Tak	Beneficial owner	60,975,610	1.15%
Xu Lin	Beneficial owner	4,146,342	0.08%
Wei Bin	Beneficial owner	4,146,342	0.08%

*Note:* The percentage of shareholding is calculated on the basis of 5,287,954,561 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

##### Long Position

Name of Shareholders	Capacity/nature of interests	Number of Shares/ underlying Shares held	Percentage of shareholding (Note 1)
Li Shao Yu (“Ms. Li”) (Note 2)	Interest of controlled corporation	3,557,153,831	67.27%
Asia Link Capital Investment Holdings Limited (“Asia Link”) (Note 2)	Interest of controlled corporation	3,557,153,831	67.27%

Name of Shareholders	Capacity/nature of interests	Number of Shares/ underlying Shares held	Percentage of shareholding (Note 1)
ALS (Note 2)	Interest of controlled corporation	3,557,153,831	67.27%
Central Huijin Investment Limited (Note 3)	Interests of controlled corporation	2,643,984,688	50.00%
Oshidori International Holdings Limited (Note 4)	Interests of controlled corporation	625,000,000	11.82%

## Notes:

- The percentage is calculated on the basis of 5,287,954,561 Shares in issue as at the Latest Practicable Date. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- According to the information available to the Company, Ms. Li is beneficially interested in a total of 3,557,153,831 Shares through Asia Link, which is wholly owned by Ms. Li. Asia Link's interest in 3,557,153,831 Shares are held through ALS, which is 44.54% owned by Asia Link. Among ALS's interest in 3,557,153,831 Shares, (i) 2,388,944,688 Shares are held through its wholly-owned subsidiaries, Win Team Investments Limited and Hao Tian Management (China) Limited; (ii) 785,352,000 Shares through its wholly-owned subsidiary, Win Team Investments Limited, and its non-wholly owned subsidiary, Hao Tian Management (Hong Kong) Limited; and (iii) 382,857,143 convertible bonds through its wholly-owned subsidiaries Guo Guang Limited and Hao Tian Finance Company Limited.
- Such Shares represent the Shares charged to Cheer Hope Holdings Limited by Hao Tian Management (China) Limited and Hao Tian Management (Hong Kong) Limited. According to the information available to the Company, Cheer Hope Holdings Limited is wholly owned by CCBI Investments Limited, which in turn is wholly owned by CCB International (Holdings) Limited, which in turn is wholly owned by CCB Financial Holdings Limited, which in turn is wholly owned by CCB International Group Holdings Limited, which in turn is wholly owned by China Construction Bank Corporation, which in turn is 57.11% owned by Central Huijin Investment Ltd.
- According to the information available to the Company, Kenson Investment Limited is wholly owned by Uptown WW Holdings Limited, which in turn is wholly owned by Uptown WW Capital Group Limited (a company incorporated in British Virgin Islands), which in turn is wholly owned by Uptown WW Capital Group Limited (a company incorporated in Cayman Islands), which in turn is wholly owned by Enerchina Investments Limited, which in turn is wholly owned by Oshidori International Holdings Limited.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company) so far as was known to the Directors had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of

Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## **5. LITIGATION**

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

## **6. SERVICE CONTRACTS**

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

## **7. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

## **8. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

As at the Latest Practicable Date,

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group as a whole.

## 9. QUALIFICATIONS AND CONSENT OF EXPERTS

The following sets out the qualification of the experts who have given opinions, letter or advice included in this circular (collectively, the “Experts”):

Name	Qualifications
BDO Limited	Certified public accountants
JP Assets Consultancy Limited	Independent property valuer

Each of the letter or report of the Experts is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or any interest, either direct or indirect, in any assets which have been, since 31 March 2020, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) a sale and purchase agreement dated 17 December 2018 entered into between Glory Century Limited, Hao Tian Management (Hong Kong) Limited and the Company in respect of acquisition of the 990,000,000 ordinary shares of China Shandong Hi-Speed Financial Group Limited at a total consideration of HK\$198,000,000 (details are set out in the Company’s announcement dated 17 December 2018);
- (b) a supplemental loan agreement dated 15 February 2019 entered into between K B Leasing Limited as lender and a company incorporated in the British Virgin Islands as borrower, in relation to the extension of the repayment date of a loan in the principal amount of HK\$30,000,000 and at an interest rate of 16% per annum from 17 February 2019 to 17 April 2019 (details are set out in the Company’s announcements dated 17 August 2018 and 15 February 2019);

- (c) a sale and purchase agreement dated 1 March 2019 entered into between Crawler Krane Business Limited and Bravo Rich Limited in relation to the disposal of the 100 issued shares in Chim Kee Crane Company Limited and the shareholder's loan at a total consideration of HK\$100,000,000 (details are set out in the Company's announcement dated 1 March 2019);
- (d) a subscription order dated 5 March 2019 issued by Glory Century Limited for the subscription of 319,325.73 participating redeemable shares having a nominal value of US\$0.001 each in the share capital of Riverwood China Growth Fund at the Subscription Amount of approximately US\$20,000,000 (equivalent to approximately HK\$156 million) (details are set out in the Company's announcement dated 5 March 2019);
- (e) a sale and purchase agreement dated 12 July 2019 entered into between the Company as purchaser; Opulent Elite Investments Limited as vendor; and Chen Tingjia as warrantor, in relation to a collection of six sets of canvas and paper painting art pieces at the total consideration of HK\$80,000,000 (details are set out in the Company's announcement dated 12 July 2019);
- (f) a sale and purchase agreement dated 10 September 2019 entered into between Hao Tian Finance Company Limited as vendor; Hao Tian International Financial Holdings Limited as purchaser; and the Company, in relation to the acquisition of the 200,000,000 shares in Hao Tian Credit Company Limited at a consideration of HK\$213,000,000 (details are set out in the Company's announcement dated 10 September 2019);
- (g) a loan agreement dated 6 December 2019 entered into between Hao Tian International Finance Company Limited as lender and Loyal Kingdom Limited as borrower, in relation to the provision of a loan in the principal amount of HK\$50,000,000 due on 30 March 2020 and at an interest rate of 16% per annum (details are set out in the Company's announcement dated 6 December 2019);
- (h) a license agreement dated 31 December 2019 entered into between Glory Century Limited as licensor and Hao Tian Management (Hong Kong) Limited as licensee, in relation to the licensing of certain premises for a term commencing from 1 January 2020 to 31 December 2022, and the annual caps in relation thereto for the three years ending 31 December 2020, 2021 and 2022 are approximately HK\$3,336,000, HK\$4,068,000 and HK\$4,392,000 respectively;
- (i) a share swap agreement dated 2 April 2020 entered into between the Company and Oshidori International Holdings Limited ("**Oshidori**"), pursuant to which the parties have agreed amongst other things that the Company agreed to issue and allot the

625,000,000 subscription shares in the Company under the general mandate of Company to Oshidori or its nominee(s) in exchange of the 187,500,000 shares from Oshidori;

- (j) the Sale and Purchase Agreement;
- (k) the placing agreement dated 7 September 2020 entered into between the Company and Hao Tian International Securities Limited as the placing agent in respect of the placement of up to 234,296,000 new Shares pursuant to the terms of the placing agreement at the price of HK\$0.285 per Share (details are set out in the Company's announcement dated 7 September 2020); and
- (l) the Supplemental Agreements.

## **11. GENERAL**

- (a) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business in Hong Kong is Rooms 2510–2518, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.
- (b) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) As at the date of this circular, the board of Directors comprises four executive Directors, namely Mr. Fok Chi Tak, Mr. Zheng Li, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P., (Australia); two non-executive Directors, namely Mr. Xu Lin and Mr. Wei Bin; and four independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot and Mr. Shek Lai Him Abraham.
- (d) The company secretary of the Company is Ms. Chan Lai Ping, who is a solicitor qualified to practise in Hong Kong and a member of The Law Society of Hong Kong.
- (e) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.



**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Rooms 2510–2518, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 8 to 44 of this circular;
- (c) the annual reports of the Company for each of the three years ended 31 March 2020;
- (d) the accountant’s report of the Target Company, the text of which is set out in Appendix II to this circular;
- (e) the accountant’s report of the Project Company, the text of which is set out in Appendix III to this circular;
- (f) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V to this circular;
- (g) the Valuation Report, the text of which is set out in Appendix VI to this circular;
- (h) the written consents from BDO Limited and JP Assets Consultancy Limited referred to in paragraph headed “9. Qualification and Consent of Experts” of this Appendix;
- (i) the material contracts referred to in the paragraph headed “10. Material Contracts” in this Appendix;
- (j) the audited consolidated accounts of the Group for the two years ended 31 March 2019 and 2020; and
- (k) this circular and a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED

昊天國際建設投資集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1341)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Hao Tian International Construction Investment Group Limited (the “**Company**”) will be held at 10/F, CKK Commercial Centre, 289 Hennessy Road, Wanchai, Hong Kong, on Thursday, 31 December 2020 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

**“THAT:**

- (a) the sale and purchase agreement dated 4 September 2020 (as amended and supplemented by the supplemental agreements dated 27 November 2020 and 7 December 2020) (the “**Sale and Purchase Agreement**”) entered into among the Company, Victory Bright Limited (the “**Buyer**”) and Soaring Wealth Ventures Limited (the “**Seller**”) in relation to, among other things, the sale and purchase of 100 ordinary shares in Alcott Global Limited (the “**Target Company**”), representing the entire issued share capital of the Target Company, at the total consideration of HK\$1,125,000,000 (the “**Total Consideration**”), which will be settled upon completion as to (i) HK\$125,000,000 by the allotment and issue of 500,000,000 ordinary shares in the Company (the “**Consideration Share(s)**”) at HK\$0.25 per Consideration Share by the Company to the Seller (or its nominee); (ii) HK\$850,000,000 by the issue of the promissory notes (the “**Consideration Notes**”) by the Company to the Seller (or its nominee) in the aggregate principal amount of HK\$850,000,000; and (iii) HK\$150,000,000 by the issue of the 5.00% convertible bonds due 2024 (the “**Consideration CB**”) by the Company to the Seller (or its nominee) in the aggregate principal amount of HK\$150,000,000 convertible into a maximum of 500,000,000 conversion shares (the “**Conversion Share(s)**”) at the initial conversion price of HK\$0.30 per Conversion Share (subject to adjustments), and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified (a copy of the Sale and Purchase Agreement has been tabled at the EGM for the purpose of identification);
- (b) the issue of the Consideration Notes and the Consideration CB by the Company to the Seller (or its nominees) pursuant to the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder be and is hereby approved;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares, the grant of a specific mandate (the “**Specific Mandate**”) to the directors of the Company (the “**Director(s)**”) to allot and issue 500,000,000 Consideration Shares and up to 500,000,000 Conversion Shares to the Seller (or its nominee) pursuant to the terms of the Sale and Purchase Agreement be and is hereby approved, such Specific Mandate is in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company; and
- (d) any one of the Directors be and is hereby authorised to do all such further acts and things and sign, agree, ratify and/or execute all such further documents or instruments under hand (or where required, under the common seal of the Company together with such other Director or person authorised by the board of Directors) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Sale and Purchase Agreement, the issue of the Consideration Notes and the Consideration CB, the allotment and issue of the Consideration Shares and the Conversion Shares and any of the transactions contemplated thereunder.”

By Order of the board of Directors  
**Hao Tian International Construction  
Investment Group Limited**  
**Fok Chi Tak**  
*Executive Director*

Hong Kong, 11 December 2020

*Registered office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

*Principal place of business in Hong Kong:*

Rooms 2510–2518, 25th Floor  
Shui On Centre  
6–8 Harbour Road, Wanchai  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the above meeting or any adjournment thereof.
4. In order to establish entitlements to attend and vote at the meeting, the register of members of the Company will be closed from Monday, 28 December 2020 to Thursday, 31 December 2020, both days inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 24 December 2020.
5. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the annual general meeting or any adjourned meeting (as the case may be) should he so wish.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

*As at the date of this notice, the board of Directors comprises four executive Directors, namely Mr. Fok Chi Tak, Mr. Zheng Li, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P., (Australia); two non-executive Directors, namely Mr. Xu Lin and Mr. Wei Bin; and four independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot and Mr. Shek Lai Him Abraham.*