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

If you have sold or transferred all your shares in Asia Resources Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

MAJOR TRANSACTION ACQUISITION OF THE TARGET COMPANY AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the SGM to be held by electronic means (via ZOOM MEETING only) on Thursday, 21 April 2022 at 11:30 a.m. at Unit 2601, 26/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries 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 fixed for holding the SGM or any adjournment thereof (as the case may be).

Precautionary measures will be taken to try to minimise the risks of infection of novel coronavirus ("COVID-19") pandemic at the SGM. Details are set out on page ii.

The Company reminds Shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

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SPECIAL ARRANGEMENTS FOR THE SGM

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the need to protect the Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, the Company would be adapting the below arrangements for the SGM to minimise attendance in person, while still enabling Shareholders to vote and ask questions. Details of the special arrangements for the SGM are set out below.

NO PHYSICAL ATTENDANCE AT THE SGM

In light of the new regulations of Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F, Laws of Hong Kong) announced by the Government of the Hong Kong with effect from 10 February 2022, including the prohibition of the holding of physical general meetings of companies, to combat the spread of the COVID-19 pandemic, as well as the uncertainty of the development of the COVID-19 pandemic and the corresponding restriction measures, the SGM will be conducted virtually via electronic means (the “**Virtual SGM**”). The Shareholders and/or their proxies will not be able to attend the SGM in person, and can view and participate to a live webcast of the Virtual SGM via electronic means. Shareholders who wish to join the SGM via electronic means must register by Tuesday, 19 April 2022 at 11:30 a.m. (being not less than 48 hours before the SGM) by sending an email to ARHL899@asiaresources899.com.hk and providing personal particulars, including full name, registered address, number of shares held and relevant securities statements for verification purposes. Following authentication of his/her/its status as members of the Company, authenticated Shareholders will receive an email instruction on how to join the live broadcast to observe the proceedings of the SGM by Wednesday, 20 April 2022.

The Virtual SGM will be broadcasted from the venue of the SGM in Hong Kong (the “**SGM Venue**”) and only the minimum number of persons will be physically present at the SGM Venue as is legally required to form a quorate meeting by the Directors or other senior staff members of the Company who are Shareholders or proxy. Other Directors will participate by way of electronic means.

Vote by appointing the chairman of the SGM as your proxy

All resolutions at the SGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the SGM by proxy. If you wish to vote on any resolution at the SGM, you must appoint the chairman of the SGM as your proxy to exercise your right to vote at the SGM in accordance with your instructions. If you appoint a person who is not the chairman of the SGM as your proxy, that person will not be permitted entry to the SGM Venue and will not be able to exercise your vote.

SPECIAL ARRANGEMENTS FOR THE SGM

The proxy form for the SGM is enclosed with this circular. The proxy form can be downloaded from the Company's website (www.asiaresources899.com.hk) and the website of the Stock Exchange (www.hkexnews.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 a proxy.

The proxy form should be returned to the Company's branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the SGM.

The Company would like to remind Shareholders that physical attendance at the SGM is not necessary for the purpose of exercising voting rights.

Questions from Shareholders

Shareholders may submit questions online during the SGM via the live webcast. Shareholders may also submit any questions they may have in advance in relation to any resolution set out in the Notice of SGM by Tuesday, 19 April 2022 at 11:30 a.m. (being not less than forty-eight (48) hours before the time appointed for holding the Virtual SGM) via email to ARHL899@asiaresources899.com.hk providing personal particulars as follows for verification purposes:

- a) Full name;
- b) Registered Address;
- c) Number of Shares held; and
- d) relevant securities statements

The Board will arrange for as many of the questions asked to be answered as possible at the SGM. If the Company cannot answer all questions at the SGM due to time constraint, it will endeavour to respond to such questions as soon as practicable after the SGM.

Changes to arrangements

The Company is closely monitoring the development of the COVID-19 pandemic in Hong Kong. Should any changes be made to the SGM arrangements, the Company will notify Shareholders by way of a separate announcement published on the Company's website (www.asiaresources899.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

SPECIAL ARRANGEMENTS FOR THE SGM

If Shareholders have any questions relating to the SGM, please contact Tricor Secretaries Limited, the Company's branch share registrar as follows:

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares in, and the Shareholder’s Loan advanced to, the Target Company by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 31 January 2022 entered into between the Purchaser, the Vendor and the Target Company in respect of the Acquisition
“Amended Termination Agreement”	the Termination Agreement as amended by the Subsequent Supplemental Agreements, the Second Further Supplemental Agreement and the Third Further Supplemental Agreement
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong, on which the commercial banks are open for general business
“Company”	Asia Resources Holdings Limited (亞洲資源控股有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 899)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition
“Further Supplemental Agreement”	the further supplemental agreement dated 3 July 2020 entered into between Asiaciti Investment Limited and Mr. Li Yuguo in relation to the Termination Agreement and the Supplemental Agreement

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third parties independent of the Group and its connected persons
“Latest Practicable Date”	24 March 2022, being the latest practicable 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
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	the property located at 中國江蘇省蘇州市外五涇弄6號 (6 Waiwujingnong, Suzhou, Jiangsu, the PRC)* with several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total area of approximately 20,841 square metres
“Purchaser”	World Kingdom Worldwide Limited (國京環球有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement (Shenyang Property)”	the agreement dated 12 October 2017 entered into between 遼寧京豐置業有限公司 and Asiaciti Investment Limited in relation to the sale and purchase of Floors 7 to 35 of Building T3 under the Shenyang Commodity Housing Pre-sale Contract No. 16122

DEFINITIONS

“Sale Shares”	10,000 shares in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this circular
“Second Further Supplemental Agreement”	the second further supplemental agreement dated 26 August 2021 entered into between Asiaciti Investment Limited and Mr. Li Yuguo in relation to the Termination Agreement and the Subsequent Supplemental Agreements
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	a special general meeting of the Company to be held by electronic means (via ZOOM MEETING only) on Thursday, 21 April 2022 at Unit 2601, 26/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder’s Loan”	the entire amount of the shareholder’s loan advanced by the Vendor to the Target Company (if any)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Supplemental Agreements”	collectively, the Supplemental Agreement and the Further Supplemental Agreement
“Supplemental Agreement”	the supplemental agreement dated 1 November 2019 entered into between Asiaciti Investment Limited and Mr. Li Yuguo in relation to the Termination Agreement

DEFINITIONS

“Suzhou Menglian”	蘇州蒙戀南庭文化發展有限公司 (Suzhou Menglian Nanting Cultural Development Company Limited)*, a company established in the PRC and a wholly-owned subsidiary of Suzhou Shunjie
“Suzhou Shunjie”	蘇州舜捷經貿有限公司 (Suzhou Shunjie Trade and Commerce Company Limited)*, a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Target Company
“Target Company”	Shun Jie International Holdings Company Limited (舜捷國際控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by Kwong Wing Yee as at the date of this circular
“Target Group”	the Target Company and its subsidiaries
“Termination Agreement”	the termination agreement dated 24 April 2019 entered into between 遼寧京豐置業有限公司, Asiaciti Investment Limited and Mr. Li Yuguo in relation to the termination of the Sale and Purchase Agreement (Shenyang Property)
“Third Further Supplemental Agreement”	the third further supplemental agreement dated 1 September 2021 entered into between Asiaciti Investment Limited and Mr. Li Yuguo to amend the Second Further Supplemental Agreement
“Total Consideration”	RMB376,000,000 (equivalent to approximately HK\$458,720,000), being the consideration payable by the Purchaser to the Vendor under the Agreement
“Vendor”	Kwong Wing Yee, being the sole shareholder of the Target Company as at the date of this circular
“%”	per cent.

For illustrative purpose of this circular only, conversion of RMB into HK\$ is made at the following exchange rate: RMB1 = HK\$1.22.

* For identification purposes only

Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

Executive Directors:

Mr. Li Yuguo
Mr. Liu Yan Chee James
Ms. Guo Yumei

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Mr. Yang Xiaoqiang
Mr. Huang Yilin

*Head office and Principal Place
of Business in Hong Kong:*

Room 2601, 26/F,
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Independent Non-executive Directors:

Mr. Ba Junyu
Mr. Zhu Xueyi
Mr. Wong Chung Man

28 March 2022

To the shareholders

Dear Sir/Madam,

MAJOR TRANSACTION ACQUISITION OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 31 January 2022 in relation to the Acquisition. On 31 January 2022 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) and the Shareholder's Loan in accordance with the terms and conditions of the Agreement. The Target Company, through Suzhou Shunjie and Suzhou Menglian, indirectly holds the Property situated in the PRC.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information, among other things, (i) further details of the Agreement, (ii) further details and financial information of the Target Company, (iii) the valuation of the Property, (iv) the unaudited pro forma financial information of the Enlarged Group, (v) the notice of SGM and other information as required to be disclosed under the Listing Rules.

Details of the Agreement are set out below:

Date

31 January 2022 (after trading hours)

Parties

- (1) World Kingdom Worldwide Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Kwong Wing Yee, as the Vendor; and
- (3) the Target Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries:

- (i) the Vendor is an Independent Third Party; and
- (ii) there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Vendor; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level of the Company's subsidiaries involved in the Acquisition.

Subject matter

The Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) and the Shareholder's Loan in accordance with the terms and conditions of the Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary indirectly held by the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

There is no restriction on subsequent sale of the Sale Shares.

LETTER FROM THE BOARD

The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will not be varied in consequence of the Acquisition.

Consideration

The Total Consideration for the Acquisition shall be RMB376,000,000 (equivalent to approximately HK\$458,720,000), which shall be payable by the Purchaser in the following manner:

- (a) RMB37,600,000 (equivalent to approximately HK\$45,872,000) shall be paid within 14 days after Completion;
- (b) RMB338,400,000 (equivalent to approximately HK\$412,848,000) shall be paid to the Vendor within 6 months after Completion;

provided that if the Target Company or its subsidiaries have any liability that has not been disclosed to the Purchaser on or before the date of the Agreement, the Purchaser has the right to deduct the equivalent amount from the Total Consideration. The Vendor agrees not to raise any claim or proceedings regarding such deduction.

The Total Consideration will be settled by the internal resources of the Purchaser.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into account a number of factors including but not limited to (i) the unaudited consolidated net assets of the Target Company as at 31 December 2021 being HK\$10,369,000; (ii) the appraised market value of the Property as at 31 December 2021 in the aggregate amount of RMB650,000,000 (equivalent to approximately HK\$793,000,000), based on an independent professional valuation; (iii) the location and conditions of the Property, and the rental income which may be generated from the Property.

The audited consolidated net assets of the Target Company as at 31 December 2021 was subsequently determined to be HK\$7,616,000. The difference between the unaudited consolidated net assets of the Target Company as at 31 December 2021 in the sum of HK\$10,369,000 and the audited consolidated net assets of the Target Company in the sum of HK\$7,616,000 was due to subsequent adjustment (mainly tax-related) made by the Target Company after discussing with the auditors.

The Total Consideration is significantly lower than the appraised market value of the Property because, in the determination of the Total Consideration, (i) certain liabilities of the Target Group (including the deferred tax liabilities and other

LETTER FROM THE BOARD

payables and accruals) have been deducted and (ii) certain discounts have been given by the Vendor after arm's length negotiations. The management of the Company has also conducted certain market research based on public information to determine the approximate value of the Property. The management has referred to 5 properties which are used as shop and 5 properties which are used for commercial purposes and the rounded weighted average price is approximately RMB52,000/sq.m. and RMB42,000/sq.m. respectively. The average price of the Property of approximately RMB43,900/sq.m. based on the valuation of RMB650 million falls within the said range. The management discussed with the valuer on its valuation method, principal assumptions, parameters adopted and comparables and were of the view that the valuation of the valuer on the Property was fair and reasonable.

Valuation of the Property as of 31 December 2021 is performed by the independent valuer, AP Appraisal Limited. The valuation is an opinion of Market Value which is defined by the RICS Valuation Standards to mean "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion." The valuation is prepared in accordance with the RICS Valuation – Professional Standard issued by the Royal Institution of Chartered Surveyors and International Valuation Standard issued by International Valuation Standards Council.

According to International Valuation Standard, "When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach."

In order to compare the subject of the valuation with the price of other real property interests that is currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are used include analysing sale prices by calculating the price per square metre of a building.

The reliance that can be applied to any comparable price data in the valuation process is determined by comparing various characteristics of the property and transaction from which the data was derived with the property being valued. Differences between the following characteristics of the property are considered:

- the interest providing the price evidence and the interest being valued,
- the respective locations,
- the respective quality of the land or the age and specification of the buildings,
- the permitted use or zoning at each property,
- the circumstances under which the price was determined, and the basis of value required,

LETTER FROM THE BOARD

- the effective date of the price evidence and the required valuation date.

The valuation has been made on the key assumption that the owner sells the property on the open markets without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests. Details of the comparables are listed as below:

For hotel/commercial buildings

#	Date	Name of comparable	Address	Age	GFA (m ²)	RMB/m ²
1	26/11/2021	九龍倉蘇州國際金融中心	翠園路與華池路交匯處	2	187	47,000
2	20/10/2021	東方之門大廈	園區星港街 199 號 (蘇雅路與星陽街交界處)	5	520	58,000
3	13/12/2021	東方星座大廈	蘇州大道西 169 號	2	200	45,000
4	28/10/2021	蘇州鳳凰文化廣場	工業園區蘇州大道西 158 號； 星都街西 (中央公園東)	8	141	44,400
5	16/11/2021	星湖國際廣場	蘇州園區獨墅湖科教 創新區啟月街	5	78	42,900
6	5/12/2021	蘇州半月灣	園區獨墅湖月亮灣路 6 號	7	384	59,000

For shops

#	Date	Name of comparable	Address	Age	GFA (m ²)	RMB/m ²
1	23/11/2021	蘇州火車站沿街商舖	江乾路/蘇州路(路口)	20	15	59,300
2	2/11/2021	姑蘇金茂府金門路商舖	金門路	22	106	54,700
3	9/10/2021	觀前街商舖	觀前街商舖觀前街附近	18	64	78,100
4	28/12/2021	觀前街商舖觀前街附近	蘇州市姑蘇區觀前街 富仁坊巷	13	65	76,900
5	15/10/2021	十全街玉器工藝品街門面房商舖	雙塔街道	15	75	52,600
6	30/11/2021	三香福郡雙紅路商舖	姑蘇城區雙紅路	28	43	40,400

LETTER FROM THE BOARD

Conditions Precedent

Completion of the Agreement is conditional upon the satisfaction of the following conditions precedent:

- (a) compliance by the Purchaser and the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Agreement and the obtaining of all approvals from the Stock Exchange and other regulatory authorities and/or governmental departments (including Shareholders' approval) required under the Listing Rules and the applicable laws;
- (b) completion of the due diligence on the legal, financial, business, litigation and assets of the Target Company by the Purchaser with satisfactory results in all respects;
- (c) the warranties given by the Vendor as set out in the Agreement remain true and accurate in all material respects;
- (d) there is no material adverse change in the Target Company and its subsidiaries; and
- (e) no title issues on the Property have been identified and the valuation of the Property is not less than RMB650,000,000.

The Purchaser may waive the conditions as set out in paragraphs (b) to (e) above. If any of the conditions has not been satisfied within 4 months from the date of the Agreement (or such other date as the Vendor and the Purchaser may agree in writing), either the Vendor or the Purchaser may terminate the Agreement and no party shall have any claim against the other party, except in respect of any antecedent breach.

Completion

Subject to the satisfaction of all conditions precedent, Completion shall take place on the third Business Day following the date of the satisfaction or waiver of all the conditions precedent of the Agreement (or such other date as the Vendor and the Purchaser may agree in writing).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been seeking investment opportunities from time to time with a view to diversify and enhance its asset portfolio, broaden its sources of income and accelerate further growth of the Group as a whole. The Property represents an excellent opportunity for the Group to invest in the property market in the PRC. The Property can bring stable rental income of approximately RMB3 million per month to the Group and bring about diversification of its asset portfolio with its various types of properties such as business clubs, hotels, restaurants, shops, offices, etc. For details of the existing monthly rental income derived from the Property, please refer to note 7 of the valuation report as set out in Appendix V of this circular. The market value of the Property may appreciate in the future. After the Acquisition, the Purchaser may let part of the Property to new tenants and/or renew its existing leases, and hence bring in more rental income. The Property is a ready-made source of income that does not require the Company to incur construction cost and take an investment risk because it has existing tenants. Therefore the Acquisition can accelerate the Group's growth. The Group would like to capture the opportunity to acquire the Property when its market price is affordable in light of the prevailing market condition in the PRC. At the time of negotiating the Agreement, the property market in the PRC was facing challenges from outbreak of COVID-19 and government restriction on the risk profile of property development companies. The PRC government set three requirements for property developers with effect from 1 January 2021. First, their debt-to-asset ratio (excluding receipt in advance) must not exceed 70%. Second, their net gearing ratio must not exceed 100%. Third, their cash-to-short-term-debt ratio must not exceed 1 time. These requirements pose challenges for property under development but not completed property. Although the government requirements do not directly affect the Property, which is a completed property, the government policy has inevitably affected the overall market environment of the property market as a whole. There is also no assurance that the Group could secure the Property easily or otherwise at current price level when the market condition improves and the investment atmosphere becomes more vibrant.

Taking into account the location of the Property in the PRC, the Property is expected to continued to be leased out for rental income for its existing use. The Property will be held as an investment property by the Group.

Mr. Li Yuguo, the chairman and an executive director of the Company, and Mr. Yang Xiaoqiang, the vice-chairman and a non-executive director of the Company, possess over 25 years and 20 years of experience in property development and management in the PRC respectively. Further, property development and investment is one of the principal business of the Group. Therefore, the Board has the necessary expertise to manage the Property and the Company will be able to manage the Property.

LETTER FROM THE BOARD

Taking into consideration the reasons for and benefits of the Acquisition to the Group, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated therein, including the Total Consideration, are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors had any material interest in the Acquisition nor were required to abstain from voting on the relevant resolution(s) of the Board.

INFORMATION ON THE PARTIES AND THE TARGET COMPANY

Information on the Company and the Purchaser

The Company is an investment holding company.

The Group is principally engaged in (i) water business; (ii) securities and other trading business; and (iii) property development and investment business.

The Purchaser is principally engaged in investment holding.

Information on the Vendor

The Vendor is a merchant and property investor.

Information on the Target Company and the Property

The Target Company is an investment holding company incorporated under the laws of Hong Kong with limited liability, whose main asset is the entire equity interest of Suzhou Shunjie, which holds the entire equity interest of Suzhou Menglian. Suzhou Menglian holds the Property.

The Property is comprised of several buildings that occupies a total land parcel area of approximately 20,841 square metres and buildings construction area of approximately 14,798 square metres.

The Property comprises a garden-style hotel in Suzhou for travelling, vacation and meeting, operating under the name "Suzhou Chang Men Hotel" since 1975. In April 2007, it was listed as "the designated resort for business trips and meetings" by the PRC government. It currently operates business clubs, featured business boutique hotels, restaurants, shops, offices, etc.

LETTER FROM THE BOARD

Financial Information of the Target Company

The following audited financial information is extracted from the accountants' report of the Target Company as set out in Appendix II of this circular, which was compiled in accordance with the generally accepted accounting principles of Hong Kong:

	For the year ended	
	31 December	
	2020	2021
	HK\$'000	HK\$'000
Revenue	1,439	28,912
(Loss)/Profit before taxation	(528)	10,376
(Loss)/Profit after taxation	(425)	7,780

The audited consolidated net assets of the Target Company as at 31 December 2021 were approximately HK\$7,616,000.

EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS OF THE COMPANY

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated in the books and accounts of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular has been prepared to illustrate the financial effect of the Acquisition.

(i) Effect on net assets

Based on the unaudited pro forma statement of financial position of the Enlarged Group as set out in Appendix IV to this circular, which is prepared as if the Acquisition had completed on 30 September 2021 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK\$2,347.7 million to approximately HK\$3,107.2 million and the total liabilities of the Group would increase from approximately HK\$196.6 million to approximately HK\$955 million. As the expected increase in total assets is higher than the expected increase in total liabilities, the net assets attributable to owners of the Company would increase from approximately HK\$2,151.1 million to approximately HK\$2,152.1 million.

LETTER FROM THE BOARD

(ii) Effect on liquidity

According to the interim report of the Company for the six months ended 30 September 2021, the Group had bank balance and cash of approximately HK\$21.4 million as at 30 September 2021. The consideration of approximately HK\$458.7 million payable by the Company for the Acquisition shall be satisfied by cash, which will be funded by a substantial shareholder, chairman and an executive director of the Company, Mr. Li Yuguo pursuant to the Amended Termination Agreement. Alternatively, the Company will satisfy the consideration by its own internal financial resources, financing from third parties or proceeds from equity fund raising or a combination of any of the aforesaid. In addition, it is expected that the Acquisition will incur transaction costs of approximately HK\$3.8 million. For details of the repayment from Mr. Li Yuguo to the Group and details of the Amended Termination Agreement, please refer to the circular of the Company dated 1 November 2021. The Board has discussed with Mr. Li Yuguo regarding the repayment under the Amended Termination Agreement and he affirmed that he would honour his repayment obligations on or before the agreed repayment deadline under the Amended Termination Agreement (i.e. 2 July 2022) such that the Group will be able to satisfy the Total Consideration and fully support the Acquisition. For the first instalment of the Total Consideration in the sum of RMB37,600,000, the Group can satisfy a portion of the same by its own internal resources. For the remaining portion of the first instalment, the Group will satisfy the same by the proceeds of repayment from Mr. Li Yuguo or, if needed, financing from third party. Given that the amount is not significant, the Company is confident that it can secure the necessary financial resources if needed. For the balance of the Total Consideration in the sum of RMB338,400,000, the Group plans to satisfy the same by the proceeds of repayment from Mr. Li Yuguo. Given that the balance is only required to be paid within 6 months after Completion, it will be clear as to whether Mr. Li Yuguo fulfils his repayment obligations. The Company will also have sufficient time to secure additional financial resources by way of debt financing and/or equity financing if needed. As at 28 February 2022, Mr. Li owed the Group an aggregate sum of RMB588,205,644.58. The Special Committee and the Board considered that such amount is recoverable because Mr. Li fully supports the Acquisition and there is no indication of material adverse change in Mr. Li's financial position. The Directors have assessed the value of those securities provided by Mr. Li to secure his repayment obligations and considered the value is sufficient to cover the outstanding indebtedness. The securities provided by Mr. Li consists of: share charge over 80% of shares in Hong Kong Spring Water Ding Dong Group Company Limited, a debenture in respect of a floating charge over approximately 29.80% of the total issued share capital of the Company and approximately 54.44% of the total issued share capital of Future Bright Mining Holdings Limited (stock code: 2212). As at the Latest Practicable Date, the aggregate value of the aforesaid securities was over HK\$1.4 billion. For further details, please refer to page 10 and 38 of the circular of the Company dated 1 November 2021.

LETTER FROM THE BOARD

(iii) Effect on earnings

The Acquisition enables the Group to generate rental income from the leasing out of the Property. It is expected that subsequent to the Acquisition, depreciation of property, plant and equipment (which is non-cash nature) of approximately HK\$753,000 per annum will be recorded.

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would actually be after Completion.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

A notice convening the SGM to be held by electronic means (via ZOOM MEETING only) on Thursday, 21 April 2022 at 11:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Shareholders may, however, view and participate to the SGM through a live webcast of the SGM on a computer, tablet or any browser enabled device. You will be able to access the live webcast at the start of the SGM until its conclusion by registering no later than 11:30 a.m. on Tuesday, 19 April 2022 (being not less than 48 hours before the SGM) by sending an email to ARHL899@asiaresources899.com.hk and providing personal particulars, including full name, registered address, number of shares held and relevant securities statements for verification purposes. Following authentication of his/her/its status as members of the Company, authenticated Shareholders will receive an email instruction on how to join the live broadcast to observe the proceedings of the SGM by Wednesday, 20 April 2022.

For determining the entitlement to vote at the SGM, the Register of Members of the Company will be closed from Thursday, 14 April 2022 to Thursday, 21 April 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to vote at the SGM (or at any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong Time) on Wednesday, 13 April 2022.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.asiaresources899.com.hk). As Shareholders cannot attend the SGM in person, they will only be able to vote by submitting a proxy in advance of the SGM. You are requested to complete the accompanying form of proxy for use at the SGM in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries 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 holding the SGM or any adjournment thereof (as the case may be).

To the best knowledge, information and belief of the Board, as at the Latest Practicable Date, no shareholder has a material interest in the Agreement and is required to abstain from voting at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution at the SGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

RECOMMENDATION

The Board considers that the terms and conditions of the Agreement and the transactions thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

By Order of the Board
Asia Resources Holdings Limited
Li Yuguo
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Below is a comparison of the profit and losses and financial position of the Group during the past three financial years.

	For the year ended 31 March		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit for the year	(159,393)	(354,920)	90,694
Total assets	2,720,466	2,115,424	2,275,578
Total liabilities	(388,168)	(201,707)	(198,934)

The published audited financial statements of the Group for each of the three years ended 31 March 2019, 2020 and 2021 were set out in the Company's annual reports for the each of three years ended 31 March 2019, 2020 and 2021, which can be accessed on the website of the Stock Exchange (www.hkexnews.hk), and the website of the Company (<http://www.asiaresources899.com.hk>). Quick links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 March 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724011.pdf>

Annual report of the Company for the year ended 31 March 2020:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0722/2020072200165.pdf>

Annual report of the Company for the year ended 31 March 2021:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0630/2021063002991.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, there were unaudited outstanding lease liabilities of approximately HK\$2.4 million and outstanding advance from third party of HK\$4.2 million.

	As at 31 January 2022 HK\$'000
The Group	
Unsecured lease liabilities ⁽¹⁾	2,400
Unsecured advance ⁽²⁾	4,200
	<hr/>
Total	6,600
	<hr/> <hr/>

Notes:

- Such balances were not covered by any guarantees as at 31 January 2022.
- Such advance was unsecured, without guarantee, interest-free and repayable within six months.

Save as disclosed above, the Enlarged Group, apart from intra-group liabilities, did not have any loan capital issued and outstanding or agreed to be issued, debt securities, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 January 2022.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statement of the Company were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the completion of the Acquisition and the internal financial resources available to the Enlarged Group, are of the opinion that, the Enlarged Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Revenue

For the year ended 31 March 2021, the revenue of the Group was approximately HK\$32,920,000 (2020: HK\$201,510,000). The decrease in revenue was mainly due to (i) over 72% of total saleable area of the completed properties in Dalian, the PRC had been handed over to buyers for which the corresponding revenue was recognised during the year ended 31 March 2020 and the remaining saleable area was significantly reduced during the year ended 31 March 2021; and (ii) the sales and handover of the remaining completed properties held for sale were slowed down during the year ended 31 March 2021 due to the outbreak of COVID-19 pandemic.

Cost of Sales

For the year ended 31 March 2021, the Group's cost of sales was approximately HK\$16,471,000 (2020: HK\$288,754,000). The decrease was in line with the decrease in revenue.

Gross Profit

For the year ended 31 March 2021, the Group recorded a gross profit of approximately HK\$16,449,000. The gross profit was mainly attributable to the rental income earned after the acquisition of the entire issued share capital of Chi Sheng Trading Company Limited (details of which were disclosed in the announcement of the Company dated 26 May 2020), which has a wholly-owned subsidiary in Zhejiang, the PRC. Rental income was earning from the leasing of certain land use rights, a two-storey industrial building and machinery currently owned by such subsidiary.

Business Review

The Group continuously focuses its effort on its core business in the water business, property development and property investment.

For the water mining business in Hunan, the construction works of the production facilities has been suspended and delayed due to the outbreak of COVID-19 pandemic since January 2020. The construction works resumed in May of 2021 and the production is expected to commence in mid-2022.

For the property development business in Dalian, construction of the Phase I has been completed and as at 31 January 2022, the Group has already handed over an aggregate of approximately 83% of the total saleable area of the Phase I properties to the buyers since April 2019 onwards. Based on the existing market circumstances, the Company expects that the sale of the entire Phase I properties will be completed in 2022. As for the development of Phase II, it is in preliminary stage. Due to the outbreak of COVID-19 pandemic and the slowdown of economic growth in the PRC, the development of Phase II were slowed down. The Company will speed up the development of Phase II properties in Dalian according to the market condition and when the sale of the Phase I properties are almost completed. The Company expects that the construction of Phase II properties will commence in late 2022 or early 2023.

For the securities and other trading business, the Group still holds certain Hong Kong listed securities as disclosed in note 26 of its annual report for the year ended 31 March 2021. The Company intends to continue such business and is looking for market opportunities.

The Group also endeavours to diversify its scope of business and product portfolio in order to diversify the risks from its existing businesses.

As a business update, Mr. Lam Chun Ho, the former minority shareholder of Good Union (China) Limited (a subsidiary of the Company) has disposed of his 33% shareholding in the said company. The Company believes that such disposal of shareholding would not affect the Company's water mining business since the new minority shareholder of Good Union (China) Limited has agreed to assume all the liabilities and commitments of Mr. Lam Chun Ho. The new minority shareholder of Good Union (China) Limited has in fact fulfilled certain outstanding payment and compensation obligations of Mr. Lam Chun Ho. The Company continues to hold 67% of all issued shares in Good Union (China) Limited.

Future development plan

The Company has always endeavoured to diversify its business. The Company is seeking for other opportunities within its existing scope of business and beyond. As at the Latest Practicable Date, the Company has not yet committed itself to any specific development plan.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHUN JIE INTERNATIONAL HOLDINGS COMPANY LIMITED TO THE DIRECTORS OF ASIA RESOURCES HOLDINGS LIMITED

We report on the historical financial information of Shun Jie International Holdings Company Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-3 to II-25, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2019, 2020 and 2021 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for the period from 15 February 2019 to 31 December 2019 and each of the years ended 31 December 2020 and 2021 (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 II-3 to II-25 forms an integral part of this report, which has been prepared for inclusion in the circular of Asia Resources Holdings Limited (the "**Company**") dated 28 March 2022 (the "**Circular**") in connection with the proposed acquisition of the Target Company by the Company.

Directors' responsibility for 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 2 to the Historical Financial Information.

The Underlying Financial Statements of the Target Group as defined on page II-3, on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2019, 2020 and 2021 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 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-3 have been made.

Lau & Au Yeung C.P.A. Limited

Certified Public Accountants

Au Yeung Tin Wah

Practising Certificate Number: P02343

21/F, Tai Yau Building,
181 Johnston Road,
Wanchai, Hong Kong

28 March 2022

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Lau & Au Yeung C.P.A. Limited., *Certified Public Accountants*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Period from 15.2.2019 to 31.12.2019 HK\$'000	Year ended 31 December	
	Note		2020 HK\$'000	2021 HK\$'000
Revenue	6	–	1,439	28,912
Other income	7	–	1	169
Selling and distribution expenses		–	(466)	(924)
Administrative expenses		(12)	(1,502)	(17,781)
(Loss)/profit before taxation	8	(12)	(528)	10,376
Taxation	10	–	103	(2,596)
(Loss)/profit for the period/year		(12)	(425)	7,780
Other comprehensive income: <i>Items that will not be reclassified subsequently to profit or loss</i>				
Exchange differences on translation foreign operations		–	(33)	86
Total comprehensive income for the period/year		(12)	(458)	7,866
(Loss)/profit attributable to:				
Owners of the company		(12)	(383)	7,140
Non-controlling interests		–	(42)	640
		(12)	(425)	7,780
Total comprehensive income attributable to:				
Owners of the company		(12)	(424)	7,160
Non-controlling interests		–	(34)	706
		(12)	(458)	7,866

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December		
		2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
ASSETS				
Non-current assets				
Investment properties	11	–	191,082	185,066
Property, plant and equipment	12	–	5,456	5,427
Deferred tax assets	16	–	45	–
		<u>–</u>	<u>196,583</u>	<u>190,493</u>
Current assets				
Trade receivables	13	–	1,100	697
Other receivables and accrued income	14	–	125	9,115
Bank balances and cash		–	11,116	859
		<u>–</u>	<u>12,341</u>	<u>10,671</u>
Total assets		<u><u>–</u></u>	<u><u>208,924</u></u>	<u><u>201,164</u></u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital	15	10	10	10
Reserves		(12)	(436)	7,606
		<u>(2)</u>	<u>(426)</u>	<u>7,616</u>
Non-controlling interests		–	176	–
Total equity		<u>(2)</u>	<u>(250)</u>	<u>7,616</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	16	–	–	2,581
Current liabilities				
Other payables and accruals	17	2	209,174	190,967
Total liabilities		<u>2</u>	<u>209,174</u>	<u>193,548</u>
Total equity and liabilities		<u><u>–</u></u>	<u><u>208,924</u></u>	<u><u>201,164</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the company			Sub-total HK\$'000	Attributable to non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Foreign currency translation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000			
Issuance of ordinary shares	10	-	-	10	-	10
Loss for the period	-	-	(12)	(12)	-	(12)
Balance as at 31 December 2019	10	-	(12)	(2)	-	(2)
Balance as at 1 January 2020	10	-	(12)	(2)	-	(2)
Loss for the year	-	-	(383)	(383)	(42)	(425)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	(41)	-	(41)	8	(33)
Transactions with owners:						
Non-controlling interests on acquisition of subsidiary	-	-	-	-	210	210
Balance as at 31 December 2020	10	(41)	(395)	(426)	176	(250)
Balance as at 1 January 2021	10	(41)	(395)	(426)	176	(250)
Profit for the year	-	-	7,140	7,140	640	7,780
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	-	20	-	20	66	86
Transaction with owners:						
Capital contribution from non-controlling interests	-	-	-	-	7,667	7,667
Change in ownership interests without change of control	-	-	882	882	(8,549)	(7,667)
Balance as at 31 December 2021	10	(21)	7,627	7,616	-	7,616

CONSOLIDATED CASH FLOW STATEMENTS

	Period from 15.2.2019 to 31.12.2019 <i>HK\$'000</i>	Year ended 31 December	
		2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash flows from operating activities			
(Loss)/profit before taxation	(12)	(528)	10,376
Adjustments for:			
Bad debts written off	–	–	683
Gain on disposal of property, plant and equipment	–	–	(138)
Depreciation of investment properties	–	1,017	11,028
Depreciation of property, plant and equipment	–	24	273
Interest income	–	(1)	(4)
Changes in working capital:			
Trade receivables	–	(1,038)	(257)
Other receivables and accrued income	–	(118)	(7,443)
Other payables and accruals	12	12,854	(23,555)
	<u>12</u>	<u>12,854</u>	<u>(23,555)</u>
Net cash generated from/(used in) operating activities	<u>–</u>	<u>12,210</u>	<u>(9,037)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	–	(456)	(1,363)
Net cash outflow to acquisitions of subsidiaries	–	(1,232)	–
Interest received	–	1	4
	<u>–</u>	<u>1</u>	<u>4</u>
Net cash used in investing activities	<u>–</u>	<u>(1,687)</u>	<u>(1,359)</u>
Net increase/(decrease) in cash and cash equivalents	–	10,523	(10,396)
Cash and cash equivalents at 15 February 2019/1 January	–	–	11,116
Effect of foreign exchange rate changes	–	593	139
	<u>–</u>	<u>593</u>	<u>139</u>
Cash and cash equivalents at 31 December, represented by bank balances and cash	<u>–</u>	<u>11,116</u>	<u>859</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. CORPORATE INFORMATION**

The Target Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is Suite A, 21/F., Eton Building, 288 Des Voeux Road Central, Hong Kong,

The Target Company is an investment holding company. The Target Company has not carried on any business since the date of its incorporation. The Target Company and its subsidiaries (together, the “**Target Group**”) are principally engaged in properties investment.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with accounting policies set out in Note 4 below which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Historical Financial Information has been prepared under the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. The measurement bases are fully described in the accounting policies below in Note 4.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting assumptions and estimates. It also requires management to exercise its judgement in the process of applying Target Group’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 consolidated financial statements have been prepared on a going concern basis because the shareholders of the Target Company have agreed to provide adequate funds to enable the Target Group to meet in full its financial obligation as they fall due for a period of at least twelve months from the end of the reporting period.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRS

The following new/revised HKFRSs, potentially relevant to the Historical Financial Information, have been issued, but not yet effective and have not been early adopted by the Target Group. The Target Group's current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021

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

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

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

The Target Group has already commenced an assessment of the impact of these new and revised HKFRSs. The directors of the Target Group anticipate that the application of new and revised HKFRSs will have no material impact on the result and the financial position of the Target Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Target Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and serviced residence operations, etc.). When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition.

When the Target Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Target's company-level statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see Credit losses and impairment of assets (ii)), unless the investment is classified as held for sale.

Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure.

Subsequent to initial recognition, investment properties are measured at its cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of investment properties over their estimated useful lives after considering their estimated residual values, using the straight-line method, at the following rate per annum:

Investment properties	20 years
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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives after considering their estimated residual values, using the straight-line method, at the following rate per annum:

Motor vehicles	10%
Equipment	20%

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

Credit losses and impairment of assets*(i) Credit losses from financial instruments*

The Target Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls.

For all financial instruments, the Target Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Target Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the interests in subsidiaries in the Target Company's statement of financial position may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Receivables

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method, less allowance for credit losses (see Credit losses and impairment of assets (i)).

Payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amount of cash, and are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

Taxation

Income tax for the Relevant Periods comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the Relevant Periods, 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 assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Foreign currencies

The Underlying Financial Statements are presented in Hong Kong dollars, which is the Target Company's presentation currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of each reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Target Company at the exchange rates prevailing at the end of each reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the years.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the years are translated into Hong Kong dollars at the weighted average exchange rates for the years.

Leases

The Target Group as a lessor

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value method. Variable lease payments for operating leases that depend on an index or a rate are based on the market or rate at commencement date of the lease and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Lease income derived from the Target Group's ordinary course of business is presented as revenue.

Provisions and contingent liabilities

Provisions are recognised when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

5. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

Note 4 describes that depreciation is provided to write off the cost of property, plant and equipment and investment properties over their estimated useful lives, using straight-line method. The estimation of useful lives of the depreciable assets is based on the experience of the Target Group, and useful lives are reviewed at each end of the reporting period based on changes in circumstances.

Income tax

The Target Group is subject to income taxes mainly in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. REVENUE

An analysis of the Target Group's revenue is as follows:

	Period from	Year ended 31 December	
	15.2.2019 to 31.12.2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Lease income	–	1,439	28,912

7. OTHER INCOME

	Period from		Year ended 31 December
	15.2.2019 to 31.12.2019	2020	
	HK\$'000	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	-	-	138
Bank interest income	-	1	4
Miscellaneous income	-	-	27
	<u>-</u>	<u>1</u>	<u>169</u>

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at:

	Period from		Year ended 31 December
	15.2.2019 to 31.12.2019	2020	
	HK\$'000	HK\$'000	HK\$'000
<u>After charging the following items:</u>			
Bad debts written off	-	-	683
Depreciation	-	1,041	11,301
Other staff costs			
Wages and salaries		168	1,457
Retirement benefit scheme contributions	-	19	190
	<u>-</u>	<u>19</u>	<u>190</u>

9. DIRECTORS' REMUNERATIONS

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

(a) Directors' remunerations

There were no directors' remunerations for the period from 15 February 2019 to 31 December 2019, years ended 31 December 2020 and 31 December 2021.

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

There are no loans, quasi-loans or other dealings in favour of the directors of the Target Group that were entered into or subsisted during the period from 15 February 2019 to 31 December 2019, years ended 31 December 2020 and 31 December 2021.

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

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Company's business to which the Target Company was a party and in which any of the directors of the Target Company had a material interest, whether directly or indirectly, subsisted at the end of the period/year at any time during the period from 15 February 2019 to 31 December 2019 and years ended 31 December 2020 and 31 December 2021.

10. TAXATION

	Period from	Year ended 31 December	
	15.2.2019 to	2020	2021
	31.12.2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax	–	(103)	2,596
	<u> </u>	<u> </u>	<u> </u>

No provision for Hong Kong Profits Tax was made as the Target Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Periods.

Pursuant to the Enterprise Income Tax ("EIT") Law of the PRC, the Target Group's PRC subsidiaries were subject to EIT at a rate of 25% during the Relevant Periods. No provision for EIT has been made as the Target Group did not have any assessable profit subject to EIT during the Relevant Periods.

The income tax (credit)/expense for the Relevant Periods can be reconciled to the (loss)/profit before taxation per the consolidated statements of profit or loss and other comprehensive income are as follows:

	Period from	Year ended 31 December	
	15.2.2019 to	2020	2021
	31.12.2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before taxation	(12)	(527)	10,376
Tax calculated at a taxation rate of 25%	(3)	(132)	2,594
Tax effect of expenses not deductible for tax purposes	3	29	2
Tax (credit)/charge	–	(103)	2,596
	<u> </u>	<u> </u>	<u> </u>

11. INVESTMENT PROPERTIES

During the Relevant Periods, the Target Group leases out various hotels, business clubs and other commercial buildings under operating leases with rentals payable quarterly. The leases typically run for an initial period of 1.5 to 15 years. The leases are with fixed lease payment over the lease term.

The Target Group is not exposed to foreign currency risk as a result of the lease arrangements as all leases are denominated in RMB, which is the functional currency of the subsidiary in the PRC. The lease contracts do not contain residual value guarantee or lessee's option to purchase the property at the end of lease term.

	Investment properties <i>HK\$'000</i>
<u>Cost</u>	
As at 15 February 2019 and as at 31 December 2019	–
Additions through acquisition of subsidiaries	191,546
Exchange realignment	1,559
	<hr/>
As at 31 December 2020	193,105
Exchange realignment	5,241
	<hr/>
As at 31 December 2021	198,346
	<hr/>
<u>Accumulated depreciation</u>	
As at 15 February 2019 and as at 31 December 2019	–
Additions through acquisition of subsidiaries	938
Depreciation for the year	1,017
Exchange realignment	68
	<hr/>
As at 31 December 2020	2,023
Depreciation for the year	11,028
Exchange realignment	229
	<hr/>
As at 31 December 2021	13,280
	<hr/>
<u>Net carrying amount</u>	
As at 31 December 2021	185,066
	<hr/> <hr/>
As at 31 December 2020	191,082
	<hr/> <hr/>
As at 31 December 2019	–
	<hr/> <hr/>

Amount recognised in profit or loss for investment properties:

	Period from 15.2.2019 to 31.12.2019 <i>HK\$'000</i>	Year ended 31 December	
		2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Lease income from operating leases	–	1,439	28,912
Direct operating expenses on investment properties that generated lease income	–	552	4,198

12. PROPERTY, PLANT AND EQUIPMENT

	Equipments <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<u>Cost</u>			
As at 15 February 2019 and as at 31 December 2019	–	–	–
Additions through acquisition of subsidiaries	4,968	–	4,968
Additions	–	456	456
Exchange realignment	40	28	68
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	5,008	484	5,492
Additions	–	1,363	1,363
Disposal	–	(1,363)	(1,363)
Exchange realignment	138	13	151
	<hr/>	<hr/>	<hr/>
As at 31 December 2021	5,146	497	5,643
	<hr/>	<hr/>	<hr/>
<u>Accumulated depreciation</u>			
As at 15 February 2019 and as at 31 December 2019	–	–	–
Additions through acquisition of subsidiaries	11	–	11
Depreciation for the year	20	4	24
Exchange realignment	1	–	1
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	32	4	36
Depreciation for the year	129	144	273
Disposal	–	(97)	(97)
Exchange realignment	3	1	4
	<hr/>	<hr/>	<hr/>
As at 31 December 2021	164	52	216
	<hr/>	<hr/>	<hr/>
<u>Net carrying amount</u>			
At 31 December 2021	4,982	445	5,427
	<hr/>	<hr/>	<hr/>
At 31 December 2020	4,976	480	5,456
	<hr/>	<hr/>	<hr/>
At 31 December 2019	–	–	–
	<hr/>	<hr/>	<hr/>

13. TRADE RECEIVABLES

	As at 31 December		
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Trade receivables	–	1,100	697

	As at 31 December		
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Past due less than 90 days	–	1,093	460
Past due 91 days to 180 days	–	–	115
Past due over 180 days	–	7	122
	–	1,100	697

The Target Group has not provided for impairment loss as most of the trade receivables are substantially covered by rental deposits received.

14. OTHER RECEIVABLES AND ACCRUED INCOME

	As at 31 December		
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Accrued income	–	60	5,592
Other receivables	–	65	3,523
	–	125	9,115

15. SHARE CAPITAL

	<i>Number of ordinary shares</i>	<i>HK\$'000</i>
<u>Issued and fully paid</u>		
At 15 February 2019 (date of incorporation)	–	–
Issuance of ordinary shares	10,000	10
At 31 December 2019 and 31 December 2020 and 31 December 2021	10,000	10

10,000 ordinary shares of HK\$1 each were issued on incorporation.

16. DEFERRED TAXATION

For the presentation purposes of the consolidated statements of financial position, certain deferred tax assets/(liabilities) have been offset. The following is an analysis of the deferred taxation balances for financial reporting purposes.

	As at 31 December		
	2019 HK'000	2020 HK'000	2021 HK'000
Deferred tax assets	–	584	1,072
Deferred tax liabilities	–	(539)	(3,653)
	–	45	(2,581)

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Tax loss HK\$'000	Effective rental income HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Total HK\$'000
As at 15 February 2019	–	–	–	–
(Charged)/credited to profit or loss	–	–	–	–
As at 31 December 2019	–	–	–	–
Acquisition of subsidiaries	304	–	(371)	(67)
(Charged)/credited to profit or loss	262	(159)	–	103
Exchange realignment	18	(9)	–	9
As at 31 December 2020	584	(168)	(371)	45
(Charged)/credited to profit or loss	465	(3,061)	–	(2,596)
Exchange realignment	23	(53)	–	(30)
As at 31 December 2021	1,072	(3,282)	(371)	(2,581)

As at 31 December 2020 and 2021, the Target Group has estimated unused tax losses of approximately HK\$2,336,000 and HK\$4,290,000 available to offset against future profits respectively. The tax losses as at 31 December 2020 and 2021 will expire from 2025 to 2026.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Target Group's subsidiary in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiary in the PRC as at 31 December 2021, as the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

17. OTHER PAYABLES AND ACCRUALS

	Note	As at 31 December		
		2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Receipts in advance		–	554	548
Accruals		–	3	–
Rental deposits		–	1,466	7,930
Other payables		–	64,165	182,489
Amount due to a shareholder	18	2	142,986	–
		<u>2</u>	<u>209,174</u>	<u>190,967</u>

The analysis of other payables as at 31 December 2021 is as follows:

Parties	Nature	HK\$'000
海南搏弈進出口貿易有限責任公司	Advance from third party	151
田旺	Advance from former shareholder*	98,331
李秀平	Advance from third party	1,163
蘇州青廷裝飾工程有限公司	Decoration fee	6
北京宏信弘業經貿有限公司	Advance from third party*	70,544
浙江蒙捷商貿有限公司	Consideration payable for acquisition of non-controlling interests	7,837
蘇州市樸靈酒店管理有限公司	Decoration fee	6
中國稅務局	Taxes payable	4,451
		<u>182,489</u>

* The Target Group obtained the advance from former shareholder and the advance from third party for financing its operation.

18. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, interest-free and has no fixed terms of repayment.

19. COMMITMENTS

At the end of each reporting period, the Target Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December		
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Within one year	–	6,410	44,763
2 – 5 years	–	29,358	49,343
over 5 years	–	68,086	52,734
	<u>–</u>	<u>103,854</u>	<u>146,840</u>

20. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders, to support the Target Group's stability and growth, and to strengthen the Target Group's financial management capability.

The capital structure of the Target Group consists of net debts, net of bank balances and cash and equity attributable to owner, comprising issued share capital and other reserves.

The director of the Target Group actively and regularly reviews its capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payables to shareholders, issue new shares or raise and repay debts. The Target Group's capital management objectives, policies or processes were unchanged during the Relevant Periods.

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Note	As at 31 December		
		2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
<u>Financial assets</u>				
at amortised cost:				
Trade receivables	13	–	1,100	697
Other receivables	14	–	65	3,523
Bank balances and cash		–	11,116	859
		–	12,281	5,079
<u>Financial liabilities</u>				
at amortised cost:				
Accruals	17	–	3	–
Other payables	17	–	64,165	182,489
Amount due to a shareholder	17	2	142,986	–
		2	207,154	182,489

The director of the Target Group considered that the carrying amounts of financial assets and financial liabilities are approximate to their fair value.

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, bank balances and cash, accruals, other payables and amount due to a shareholder. The details of these financial instruments are disclosed in respective notes.

Exposure to credit, currency and liquidity risks arises in the normal course of the Target Group's business. The Target Group is not exposed to significant interest rate risk as it has no interest-bearing financial instruments with variable interest rates except for bank balances.

The policies on financial instruments risks and how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Target Group's overall strategy remains unchanged from prior years.

(i) Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Target Group's financial results and its cash flows. The Target Group's operations are mainly in the PRC other than Hong Kong, and the lease income and daily business transactions are conducted using RMB, as such the foreign currency risk is minimal. The Target Group currently has not entered into any contracts to hedge its foreign currency risk. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Credit risk

The Target Group's maximum exposure to credit risk is the carrying amounts of bank balances, trade and other receivables.

Credit risk on bank balances is mitigated as cash is deposited in a bank in the PRC of high credit rating.

Trade and other receivables are monitored on an ongoing basis and the Target Group's exposure to bad debts, in the opinion of the directors, is not significant.

(iii) Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows. The management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Target Group's operations.

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flows as they are with maturities within one year at the end of the reporting period.

22. INTERESTS IN SUBSIDIARIES

Name of subsidiary	Place of incorporation	Registered capital	Effective equity interest attributable to Shun Jie			Principal activities
			2019	2020	2021	
蘇州舜捷經貿有限公司 (Suzhou Shunjie Trade and Commerce Company Limited*)	The PRC	RMB1,000,000	100%	100%	100%	Investment holding
蘇州蒙戀南庭文化發展有限公司 (Suzhou Menglian Nanting Cultural Development Company Limited*)	The PRC	RMB64,000,000	-	90%	100%	Property investment

* For identification purposes only

23. ACQUISITION OF SUBSIDIARIES

On 4 November 2020, the Target Group acquired 90% of the registered capital of Suzhou Menglian Nanting Cultural Development Company Limited from an independent third-party at a consideration of RMB1,600,000 (equivalent to approximately HK\$1,891,000).

(i) Identifiable assets-acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Carrying value <i>HK\$'000</i>	Fair value adjustment <i>HK\$'000</i>	Fair value <i>HK\$</i>
Investment properties	189,125	1,483	190,608
Property, plant and equipment	4,957	–	4,957
Deferred tax assets	304	–	304
Bank balances and cash	659	–	659
Deferred tax liabilities	–	(371)	(371)
Other payables and accruals	(194,056)	–	(194,056)
	<u>989</u>	<u>1,112</u>	<u>2,101</u>
Net identifiable assets acquired	989	1,112	2,101
Non-controlling interests	(99)	(111)	(210)
	<u>890</u>	<u>1,001</u>	<u>1,891</u>
Total consideration	<u>890</u>	<u>1,001</u>	<u>1,891</u>

(ii) Analysis of net cash outflow in respect of the acquisition of subsidiaries

	<i>HK\$'000</i>
Outflow of cash to acquire subsidiaries, net of cash acquired	
Balances acquired	659
Less: Cash consideration	(1,891)
	<u>(1,232)</u>
Net cash in respect of acquisition of subsidiaries	<u>(1,232)</u>

24. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 16 September 2021, the Target Group acquired the 10% interests in Suzhou Menglian Nanting Cultural Development Company Limited with consideration of RMB6,400,000 (equivalent to approximately HK\$7,667,000).

The share of the subsidiary's net assets of approximately HK\$882,000 was recognised directly in equity.

The following table summarises the consideration, the carrying value of assets acquired and liabilities assumed on 16 September 2021.

	<i>HK\$'000</i>
Consideration	
At 16 September 2021	7,667
Carrying amount of non-controlling interests acquired	<u>(8,549)</u>
Changes in equity attributable to owners of the Target Company arising from acquisition of additional interests in the subsidiary	<u>882</u>

25. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2019 <i>HK\$</i>	2020 <i>HK\$</i>	2021 <i>HK\$</i>
ASSETS			
Non-current assets			
Interests in subsidiaries	-	-	-
Current assets			
Bank balances and cash	<u>-</u>	<u>1,420</u>	<u>1,420</u>
Total assets	<u>-</u>	<u>1,420</u>	<u>1,420</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	10,000	10,000	10,000
Accumulated losses	<u>(12,200)</u>	<u>(13,580)</u>	<u>(18,161)</u>
Total equity	(2,200)	(3,580)	(8,161)
LIABILITIES			
Current liabilities			
Other payables	<u>2,200</u>	<u>5,000</u>	<u>9,581</u>
Total equity and liabilities	<u>-</u>	<u>1,420</u>	<u>1,420</u>

26. MATERIAL RELATED PARTY TRANSACTIONS

Apart from the transactions/balances disclosed elsewhere in the Historical Financial Information, the Target Group did not enter into any other material related party transactions during the Relevant Periods.

BUSINESS OVERVIEW

The Target Company is an investment holding company incorporated in Hong Kong with limited liability. It owns the entire equity interest in Suzhou Shunjie, which in turn owns the entire equity interest in Suzhou Menglian. Suzhou Menglian holds the Property.

Immediately prior to Completion, the Target Company was held as to 100% by the Vendor. After Completion, the Company shall be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property located at 中國江蘇省蘇州市外五涇弄6號 (6 Waiwujingnong, Suzhou, Jiangsu, the PRC) with several buildings total construction area of which is approximately 14,798 square metres and the land parcel with a total area of approximately 20,841 square metres.

The Property comprises a garden-style hotel in Suzhou for travelling, vacation and meeting, operating under the name “Suzhou Chang Men Hotel” since 1975. In April 2007, it was listed as “the designated resort for business trips and meetings” by the PRC government. It currently operates business clubs, featured business boutique hotels, restaurants, shops, offices, etc.

For further details of the Property, please refer to the valuation report of the Property as set out in Appendix V of this circular.

FINANCIAL REVIEW**Financial Information on the Target Company**

Set out below is a summary of the financial information of the Target Company extracted from the accountants’ reports of the Target Company as set out in Appendix II of this circular:

	Period from 15 February 2019 to 31 December 2019 HK\$'000	For the year ended 31 December 2020 2021 HK\$'000 HK\$'000	
Revenue	–	1,439	28,912
(Loss)/profit before taxation	(12)	(528)	10,376
(Loss)/profit after taxation	(12)	(425)	7,780

The audited carrying amount of consolidated net assets of the Target Company as at 31 December 2021 was approximately HK\$7,616,000.

For further financial information of the Target Company, please refer to the accountants' report of the Target Company as set out in Appendix II of this circular.

Revenue

The revenue generated by the Target Group mainly represented the rental income from the leasing of the Property. The Target Group also generated certain income from provision of management services.

The Target Group recorded revenue of approximately nil, HK\$1.4 million and HK\$28.9 million for the period from its incorporation date, i.e. 15 February 2019 to 31 December 2019, and each of the two years ended 31 December 2021 respectively. The increase in revenue was mainly brought about by the increase in the revenue generated from leasing business which commenced in October 2020 and a new tenant started renting part of the Property at a high rental in April 2021.

Selling and distribution costs

The selling and distribution costs of the Target Group mainly comprise decoration fee, repair and maintenance, insurance and water and electricity costs. The Target Group has also certain repairs and maintenance costs.

The selling and distribution costs of the Target Group during the period from its incorporation date, i.e. 15 February 2019 to 31 December 2019, and each of the two years ended 31 December 2021 were approximately nil, HK\$466,000 and HK\$924,000 respectively. The increase in selling and distribution costs was due to the commencement of its leasing business in October 2020.

Administrative expenses

The administrative expenses of the Target Group during the period from its incorporation date, i.e. 15 February 2019 to 31 December 2019, and each of the two years ended 31 December 2021 were approximately HK\$12,000, HK\$1.5 million, HK\$17.2 million respectively. The increase in administrative expenses was mainly due to the increase in staff costs as a result of the increase in average number of staff, increase in depreciation of property, plant and equipment and investment properties and increase in taxation.

Staff cost

The staff cost of the Target Group mainly represented salaries and wages.

The staff cost of the Target Group during the period from its incorporation date, i.e. 15 February 2019 to 31 December 2019, and each of the two years ended 31 December 2021 were approximately nil, HK\$182,000 and HK\$1.7 million respectively. The increase in staff costs was due to increase in average number of staff. Another reason is that only five months' salaries were recognised in the year ended 31 December 2020, whereas 12 months' salaries were recognised in the year ended 31 December 2021.

(Loss)/profit for the period/year

The Target Group recorded a loss of approximately HK\$12,000 for the period from its incorporation date, i.e. 15 February 2019 to 31 December 2019, a loss of approximately HK\$425,000 for the year ended 31 December 2020 and a profit after tax of approximately HK\$7,780,000 for the year ended 31 December 2021. The change from loss to profit was due to the increase in rental income from the property leasing business of the Target Group in Suzhou, the PRC.

It is the intention of the Directors to continue to lease out the Property to generate rental income after Completion.

Capital structure, liquidity and financial resources

The Target Group mainly financed its operation by cash flow from operation. The Target Group had bank balance and cash of approximately nil, HK\$11.1 million and HK\$859,000 as at 31 December 2019, 2020 and 2021 respectively.

As at 31 December 2019 and 2020, the Target Group recorded net liabilities of approximately HK\$2,000 and HK\$250,000 respectively. As at 31 December 2021, the Target Group recorded net assets of approximately HK\$7,616,000.

Foreign Currency Management

The Target Group principally conducts business operation in the PRC which exposes the Target Group to foreign exchange risk, primarily with respect to RMB and HK\$ denominated transactions.

The Target Company currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Employees and Remuneration Policy

As at 31 December 2019, the Target Group did not have any employee. As at 31 December 2020 and 2021, the Target Group had 9 and 12 employees respectively in the PRC. The Target Group recruited, employed, promoted and remunerated its employees based on their qualifications, experiences, skills, performances and contributions. Remuneration was also determined with reference to, among others, the market trend. The Target Group had implemented various programs for staff training and development.

Significant investments held

Before 16 September 2021, Suzhou Menglian was owned by Suzhou Shunjie and another minority shareholder as to 90% and 10% respectively. On 16 September 2021, the Target Company acquired 10% minority interests in Suzhou Menglian with consideration of RMB6,400,000 (equivalent to approximately HK\$7,667,000).

Save for holding the entire equity interest in Suzhou Shunjie and Suzhou Menglian, which in turn hold the Property, the Target Company does not have other significant investments nor any material acquisitions or disposal of subsidiaries and affiliated companies during the two financial years ended 31 December 2021.

Charges on assets

As at 31 December 2019, 2020 and 2021, there was no charge over any asset of the Target Company.

Gearing ratio

Since the Target Group did not have any interest-bearing borrowings as at 31 December, 2019, 2020 and 2021, the gearing ratio of the Target Company (total interest-bearing borrowings as a percentage of total equity) was not applicable.

Contingent liabilities

As at 31 December 2019, 2020 and 2021, the Target Company did not have any contingent liabilities.

Future plans and Prospects

The Property is expected to be leased out for rental income and may have potential appreciation in value in the long run.

As at the Latest Practicable Date, the Target Company did not plan to launch new business or make material investments or capital assets.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”) set out below has been prepared by the Directors in accordance with rule 4.29 of the Listing Rules and is solely for the purpose to illustrate the effect of the acquisition of the entire issued share capital of Shun Jie International Holdings Company Limited (the “**Target Company**”) and its subsidiaries (collectively refer as the “**Target Group**”) (the “**Acquisition**”) on the Group’s assets and liabilities as at 30 September 2021 as if the Acquisition had been completed on 30 September 2021.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021 which has been extracted from the published interim report of the Company for the six month ended 30 September 2021; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 December 2021 which have been extracted from the accountants’ report thereon set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been completed as at 30 September 2021.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition been completed as at 30 September 2021.

Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group’s future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this circular, and that of the Target Group, as set out in Appendix II and Appendix III to this circular, and other financial information included elsewhere in this circular.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP**

	The Group as at 30 September 2021 <i>HK\$'000</i> <i>(Note 1)</i> (Unaudited)	The Target Group as at 31 December 2021 <i>HK\$'000</i> <i>(Note 2)</i>	Pro forma adjustments			The Enlarged Group <i>HK\$'000</i>
			<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	
Non-current assets						
Investment properties	134,444	185,066	-	607,934	-	927,444
Property, plant and equipment	40,834	5,427	-	-	-	46,261
Right-of-use assets	2,767	-	-	-	-	2,767
Intangible assets	337,782	-	-	-	-	337,782
Interests in associates	183,903	-	-	-	-	183,903
Deposits paid	540,142	-	-	-	-	540,142
	<u>1,239,872</u>	<u>190,493</u>	<u>-</u>	<u>607,934</u>	<u>-</u>	<u>2,038,299</u>
Current assets						
Properties under development	240,079	-	-	-	-	240,079
Completed properties held for sale	86,535	-	-	-	-	86,535
Trade receivables	4,217	697	-	-	-	4,914
Prepayments, deposits and other receivables	749,687	9,115	-	-	-	758,802
Amount due from an associate	3,030	-	-	-	-	3,030
Financial assets at fair value through profit or loss	2,599	-	-	-	-	2,599
Restricted bank deposits	345	-	-	-	-	345
Bank balances and cash	21,385	859	(45,872)	-	(3,815)	(27,443)
	<u>1,107,877</u>	<u>10,671</u>	<u>(45,872)</u>	<u>-</u>	<u>(3,815)</u>	<u>1,068,861</u>

	The Group	The Target	Pro forma adjustments			The
	as at 30 September 2021	Group as at 31 December 2021	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	Enlarged Group HK\$'000
	(Unaudited)					
Current liabilities						
Trade payables	61,081	-	-	-	-	61,081
Other payables and accruals	55,899	190,967	412,848	-	-	659,714
Contract liabilities	41,695	-	-	-	-	41,695
Lease liabilities	1,635	-	-	-	-	1,635
Tax payables	1,210	-	-	-	-	1,210
	<u>161,520</u>	<u>190,967</u>	<u>412,848</u>	<u>-</u>	<u>-</u>	<u>765,335</u>
Net current assets	<u>946,357</u>	<u>(180,296)</u>	<u>(458,720)</u>	<u>-</u>	<u>(3,815)</u>	<u>303,526</u>
Total assets less current liabilities	<u>2,186,229</u>	<u>10,197</u>	<u>(458,720)</u>	<u>607,934</u>	<u>(3,815)</u>	<u>2,341,825</u>
Non-current liabilities						
Deferred tax liabilities	33,980	2,581	-	151,984	-	188,545
Lease liabilities	1,135	-	-	-	-	1,135
	<u>35,115</u>	<u>2,581</u>	<u>-</u>	<u>151,984</u>	<u>-</u>	<u>189,680</u>
	<u>2,151,114</u>	<u>7,616</u>	<u>(458,720)</u>	<u>455,950</u>	<u>(3,815)</u>	<u>2,152,145</u>

Notes:

- The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021 as set out in the published interim report of the Group for the six months ended 30 September 2021.
- The amounts are extracted from consolidated statement of financial position of the Target Group (as defined in the circular) as at 31 December 2021 as set out in Appendix II to this circular.
- Pursuant to the sales and purchases agreement dated 31 January 2022, the Group has conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of the Target Company in accordance with the terms and conditions of the Agreement at the Total Consideration of RMB376,000,000 (equivalent to approximately HK\$458,720,000).

10% of Total Consideration of RMB37,600,000 (equivalent to approximately HK\$45,872,000) will be settled within 14 days after Completion and the remaining Total Consideration of RMB338,400,000 (equivalent to approximately HK\$412,848,000) will be settled to the Vendor within 6 months after Completion.

Adjustment has been made to the Unaudited Pro Forma Financial Information, as set out in this circular, the Total Consideration will be settled by the internal resources of the Purchaser upon Completion. The bank deficit will be settled by the repayment of outstanding sum from a substantial shareholder, the chairman and an executive director of the Company, Mr. Li Yuguo.

4. Upon the Completion, the Target Company will become a wholly-owned subsidiary of the Company. In considering the principal activities of the Target Group, the identifiable assets and liabilities of the Target Group will be accounted for at their fair values using the acquisition accounting method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations".

Adjustment has been made with the reference to the capital value of the Property as at 31 December 2021 from the property valuation report on the Properties as set out in Appendix V to this circular.

The deferred tax liabilities is based on the timing difference between the market value of the Property arising from the Acquisition and the corresponding carrying amount multiplied by the enterprise income tax rate of the PRC of 25%.

The recognition of bargain purchase gain on Acquisition if the Acquisition had been completed as at 30 September 2021 is as follows:

	<i>HK\$'000</i>
Total Consideration for the Acquisition	458,720
Less: Fair value of identifiable net assets acquired	
Carrying amount of identifiable net assets acquired	(7,616)
Fair value adjustment on identifiable net assets acquired	(455,950)
	<u>(463,566)</u>
Bargain purchase gain arising from the Acquisition	<u>4,846</u>

The carrying amount of identifiable net assets of the Target Group acquired is subject to change upon the completion of the Acquisition. Consequently, the resultant adjustment to the fair value of investment properties and deferred tax liabilities of the Target Group will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

5. The adjustment represents the estimated transaction costs of approximately HK\$3,815,000, including the accountancy, legal, valuation and other professional services related to the Acquisition. The expenses are charged to profit or loss directly.
6. No adjustments have been made to adjust any trading results or other transactions of the Group or the Target Group entered into subsequent to 30 September 2021 and 31 December 2021.
7. The negative bank balances and cash of HK\$27,443,000 represents amount to be repaid by Mr. Li Yuguo to Asiatic Investment Limited, an indirect wholly-owned subsidiary of the Company.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF ASIA RESOURCES HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Resources Holdings Limited (the "**Company**") and its subsidiaries, (collectively referred to as the "**Group**") including Shun Jie International Holdings Company Limited and its subsidiaries (the "**Target Group**") (together with the Target Group hereinafter referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only.

The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2021 and related notes as set out on pages IV-1 to IV-4 of Appendix IV of the circular issued by the Company dated 28 March 2022 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-4 of Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of acquisition of the entire issued share capital of a company holding property investment businesses in the People's Republic of China ("**PRC**") (the "**Acquisition**") on the Group's consolidated assets and liabilities as at 30 September 2021 as if the Acquisition had taken place at 30 September 2021. As part of this process, information about the Group's consolidated assets and liabilities has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements as included in the Group's interim report for the six months ended 30 September 2021, on which no audit or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors 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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For 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 pro forma financial information.

The purpose of unaudited pro forma financial information included in circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;

- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Lau & Au Yeung C.P.A. Limited

Certified Public Accountants

Au Yeung Tin Wah

Practising Certificate Number: P02343

21/F, Tai Yau Building,
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28 March 2022

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28 March 2022

Asia Resources Holdings Limited

Room 2601, 26/F
West Tower, Shun Tak Centre
168-200 Connaught Road, Central
Sheung Wan, Hong Kong

Dear Sir or Madam,

Re: Property Valuation of a hotel project located at Chang Men, Suzhou City, Jiangsu Province, the People's Republic of China as of 31 December 2021

We, AP Appraisal Limited (“APAL”), refer to the instructions from Asia Resources Holdings Limited (the “**Instructing Party**”) to conduct a valuation for captioned property (the “**Property**”) located in the People's Republic of China (the “**PRC**”), details of which is set out in the attached valuation certificate. We confirm that we have carried our inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties as of 31 December 2021 (the “**Valuation Date**”) for circular purpose on the Hong Kong Stock Exchange.

Our valuation is our opinion of Market Value which is defined by the RICS Valuation Standards to mean “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation is prepared in accordance with the RICS Valuation – Professional Standard issued by the Royal Institution of Chartered Surveyors.

Our valuation has been made on the assumption that the owner sells the property on the open markets without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

According to the International Valuation Standard, "When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach." As the Valuer found reliable, verifiable and relevant market information being available, for completed properties held for sale, the property interests are valued by the direct comparison method on the assumption that each property can be sold in their existing state. The direct comparison method is based on prices realized in actual transactions and/or asking prices of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Physical condition, location and economic characteristics are important criteria to be analysed when comparing to the Property.

In the course of our valuation for the property interests in the PRC, we have been provided with extracts from title documents relating to such property interests. Regarding the ownership and certain property-related information, we relied on the legal opinion provided from the Instructing Party's lawyer, China Commercial Law Firm.

The last inspection is carried out by Mr. Paul Hung (a member of RICS) in October 2021. We have relied to a considerable extent on information given by the Instructing Party, in particular, but not limited to, planning approvals, development schemes and schedule, incurred development costs, statutory notices, easements, tenancies, floor areas, gross floor areas, site area, construction cost, expected building completion date, etc. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We were also advised by the Instructing Party that no material facts have been omitted from the information provided to us. We have assumed there are no encroachments by or on the property. We have assumed that the suitability of ground conditions and services, environmental and geotechnical surveys are satisfactory, and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. We have assumed that the site is free of elevated levels of contaminants. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the Property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

Unless otherwise noted, we have assumed that the improvements are free of Asbestos and Hazardous Materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. We assume the site is free of subsoil asbestos and have made no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the Property. If a test is undertaken at some time in the future to assess the degree, if any, of the presence of any asbestos/hazardous materials on site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

There are no options or right of pre-emptions concerning or affecting the market value of the Property.

We enclose herewith our valuation certificate. The monetary amounts are stated in Renminbi (RMB). We hereby certify that we have neither present nor prospective interests in the Instructing Party or the value reported.

Yours faithfully,

For and on behalf of

AP Appraisal Limited

Paul Hung *MRICS ASA MAusIMM*

Director – Valuation & Advisory Services

Encl.

Note: Mr. Hung is a Registered Surveyor of Royal Institution of Chartered Surveyors. He has over 10 year's valuation experience in the Greater China Region.

VALUATION CERTIFICATE

Property	Description and Tenure	Details of Occupancy	Market Value in Existing State as of 31 December 2021
Name of the property is Suzhou Chang Men Hotel, which is located at No. 5, outer Wu Jing Lane, Suzhou city, Jiangsu Province, the PRC	Suzhou Chang Men Hotel was opened in 1975. The state-owned construction land use right certificate of the property has been granted with an expiry date of 10 March 2050 for food and beverage/hotel/tourism purposes. The gross floor area of the property is 14,798.52 square meters.	As of the Valuation Date, the property is under lease.	RMB650,000,000

Notes:

1. According to the State-owned Construction Land Use Right Certificate “蘇 (2021) 蘇州市不動產權8031030 號文件”, the total land use right of the development zone is about 20,841.70 square metres. Gross floor area of 14,798.52 square metres was granted to Suzhou Meng Lian Nan Ting Cultural Development Co., Ltd.¹ For food and beverage/hotel/tourism purposes until 10 March 2050. The captioned certificate was granted on 29 December 2021.
2. The property is one of the very few garden-style hotels in Suzhou. Isolated from the hustle and bustle within the centre of the City and with ease in transportation, the hotel is considered an ideal choice for traveling, vacation and meeting. In April 2007, it was listed as “the designated resort for business trips and meetings of PRC government department² by the Ministry of Finance of the PRC.
3. For indicative purposes, it is assumed that the property is completed as of the Valuation Date and represents a market value of RMB650,000,000.
4. The property is located at No. 5, outer Wu Jing Lane, Suzhou city, Jiangsu Province, the PRC, which is located in the centre of Suzhou City, and was opened in 1975.

¹ For illustration purpose only. Official Chinese name “蘇州蒙戀南庭文化發展有限公司”

² For illustration purpose only. Official Chinese name “中央國家機關出差和會議定點飯店”

5. We have obtained legal advice on the Property in respect of the Instructing Party's lawyer, China Commercial Law Firm, including the following information:
- (a) The property in which Suzhou Meng Lian Nan Ting Cultural Development Co., Ltd. Has been granted the right to use the land. With the approval of the relevant government departments, the property incurs the right to be transferred, leased and mortgaged. Once the development of the property meets the requirements of the relevant regulations, the property is allowed to be pre-sold and sold.
 - (b) Based on information provided by the Management of the instructing Party, the Property is free of any mortgage, charge and legal burden which may adversely affect the ownership of the Property; and
 - (c) Obtained the following legal documents:

(i)	State-owned construction land use right certificate	Yes
(ii)	Construction land Planning Permit	No
(iii)	Construction planning approval permit	No
(iv)	Construction work approval permit	No

According to the legal opinion issued by the PRC legal advisers of the Company, the Company has the right to apply for the change in usage of the Property and to construct the new property if it follows the appropriate application and process. In fact, the Company currently has no plan to change the usage of the Property or to construct any new property.

6. In undertaking our valuation of the Property, we have made reference to various sales transactions of similar developments which have characteristics comparable to the Property. The prices of those comparables are about RMB40,400/sq.m. to RMB78,100/sq.m. for the shops. Due adjustments to the unit prices of those comparables have been made to reflect factors including but not limited to time, location, size, accessibility, building management, building age and building quality in arriving at the key assumptions. In our valuation, we have assumed an average price of RMB51,000/sq.m. for shops of the Property. The prices of those comparables are about RMB42,900/sq.m. to RMB59,000/sq.m. for the hotel/commercial buildings. Due adjustments to the unit prices of those comparables have been made to reflect factors including but not limited to time, location, size, accessibility, building management, building age and building quality in arriving at the key assumptions. In our valuation, we have assumed an average price of RMB41,000/sq.m. for hotel/commercial buildings of the Property.

7. Details of the comparables and the derivation of the adopted unit price for hotel/commercial buildings

No.	1	2	3	4	5	6
Date	26/11/2021	20/10/2021	13/12/2021	28/10/2021	16/11/2021	5/12/2021
Name of comparable	九龍倉蘇州國際金融中心	東方之門大廈	東方星座大廈	蘇州鳳凰文化廣場	星湖國際廣場	蘇州半月灣
Address	翠園路與華池路交匯處	園區星港街199號(蘇雅路與星陽街交界處)	蘇州大道西169號	工業園區蘇州大道西158號；星都街西(中央公園東)	蘇州園區獨墅湖科教創新區啟月街	園區獨墅湖月亮灣路6號
Age	2	5	2	8	5	7
GFA (m ²)	187	520	200	141	78	384
Unit Price (RMB/m ²)	45,000	58,000	45,000	44,400	42,900	59,000
Asking Discount	-5%	-5%	-5%	-5%	-5%	-5%
Age Discount	-5%	-5%	-5%	-5%	-5%	-5%
Size Discount	-5%	-5%	-5%	-5%	-5%	-5%
Location Discount	-5%	-5%	-5%	-5%	-5%	-5%
Architectural Design	5%	5%	5%	5%	5%	5%
Adjusted Unit Price (RMB/m ²)	38,485	49,603	38,485	37,972	36,689	50,459
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Rounded Weighted Average (RMB/m ²)	41,000					

8. Details of the comparables and the derivation of the adopted unit price for shops are presented below:

No.	1	2	3	4	5	6
Date	23/11/2021	20/10/2021	13/12/2021	28/10/2021	16/11/2021	5/12/2021
Name of comparable	蘇州火車站沿街商舖	姑蘇金茂府金門路商舖	觀前街商舖	觀前街商舖觀前街附近	十全街玉器工藝品街門面房商舖	三香福郡雙紅路商舖
Address	江乾路/蘇站路(路口)	金門路	觀前街商舖觀前街附近	蘇州市姑蘇區觀前街富仁坊巷	雙塔街道	姑蘇城區雙紅路
Age	20	22	18	13	15	28
GFA (m ²)	15	106	64	65	75	43
Unit Price (RMB/m ²)	59,300	54,700	78,100	76,900	52,600	40,400
Asking Discount	-5%	-5%	-5%	-5%	-5%	-5%
Age Discount	-5%	-5%	-5%	-5%	-5%	-5%
Size Discount	-5%	-5%	-5%	-5%	-5%	-5%
Location Discount	-5%	-5%	-5%	-5%	-5%	-5%
Architectural Design	5%	5%	5%	5%	5%	5%
Adjusted Unit Price (RMB/m ²)	50,715	46,781	66,794	65,767	44,985	34,551
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Rounded Weighted Average (RMB/m ²)	51,000					

9. RMB51,000/sq.m. is applied to the first floor of the property which is suitable to be used as a shop. RMB41,000/sq.m. is applied to the other floors of the property which is suitable to be used as Hotel/commercial buildings. The relevant respective areas are listed below:

Shop: 5,208.96 m²

Hotel/commercial buildings: 9,589.56 m²

Total GFA: 14,798.52 m²

10. As of the Valuation Date, the existing monthly rentals of the Property, comprising mainly house leasing contracts, are as follows:

Block	Gross Lettable Area (m ²)	Monthly rental (RMB)	Rental period	
			From	To
23, 24, 25, 26	4,745.14	2,587,980.60	1/4/2021	30/9/2023
17	270.00	14,580.00	6/11/2020	5/11/2030
5, 7, 8, 9, 14, 15	6,106.00	225,300.00	28/10/2020	27/10/2035
29, 30, 31	4,827.00	171,161.00	1/11/2020	31/10/2031
34, 35	736.00	41,800.00	1/11/2020	31/10/2031
10, 11	616.00	44,166.70	1/11/2020	31/10/2028
28, 36, 38, 39, 41, 42	1,910.00	72,456.00	1/10/2020	30/9/2030*

Remark* : Due to difficulty in operations under the pandemic, the Lessee terminated the lease agreement prematurely with effect on 26 August 2021.

11. As of the Valuation Date, the gross floor area of the Property is presented below.

Block	Gross Floor Area (m ²)	Total Floor(s)	Planned Usage (m ²)		Current Status
			Shops	Hotel/ Commercial buildings	
1	42.51	1	42.51	–	Self-use
2	46.8	1	46.80	–	Self-use
3	43.07	1	43.07	–	Self-use
4	261.25	2	130.63	130.63	Self-use
5	636.4	3	212.13	424.27	Under Lease
7	72.11	1	72.11	–	Under Lease
8	72.42	1	72.42	–	Under Lease
9	4,435.04	4	1108.76	3326.28	Under Lease
10	522.34	2	261.17	261.17	Under Lease
11	29.83	1	29.83	–	Under Lease
14	38.53	1	38.53	–	Under Lease
15	438	3	146.00	292.00	Under Lease
16	25.74	1	25.74	–	Self-use
17	249.57	1	249.57	–	Under Lease
18	38.48	1	38.48	–	Self-use
19	130.56	2	65.28	65.28	Self-use
23	49.5	1	49.50	–	Under Lease
24	203.28	2	101.64	101.64	Under Lease
25	777.76	3	259.25	518.51	Under Lease
26	39.6	1	39.60	–	Under Lease
28	410.75	1	410.75	–	Vacant
29	4,086.92	6	681.15	3405.77	Under Lease
30	349.79	2	174.90	174.90	Under Lease
31	32.63	1	32.63	–	Under Lease
33	47.9	1	47.90	–	Self-use
34	24.53	1	24.53	–	Under Lease
35	656.55	3	218.85	437.70	Under Lease
36	577.7	3	192.57	385.13	Vacant
38	98.19	1	98.19	–	Vacant
39	162.93	1	162.93	–	Vacant
41	65.24	1	65.24	–	Vacant
42	132.6	2	66.30	66.30	Vacant
Total	14,798.52		5,208.96	9,589.56	

Land Use Tax RMB6/m²

Property tax **For unleased property**

Original value of the unleased Gross Floor Area * 0.012 * 0.7

For leased property

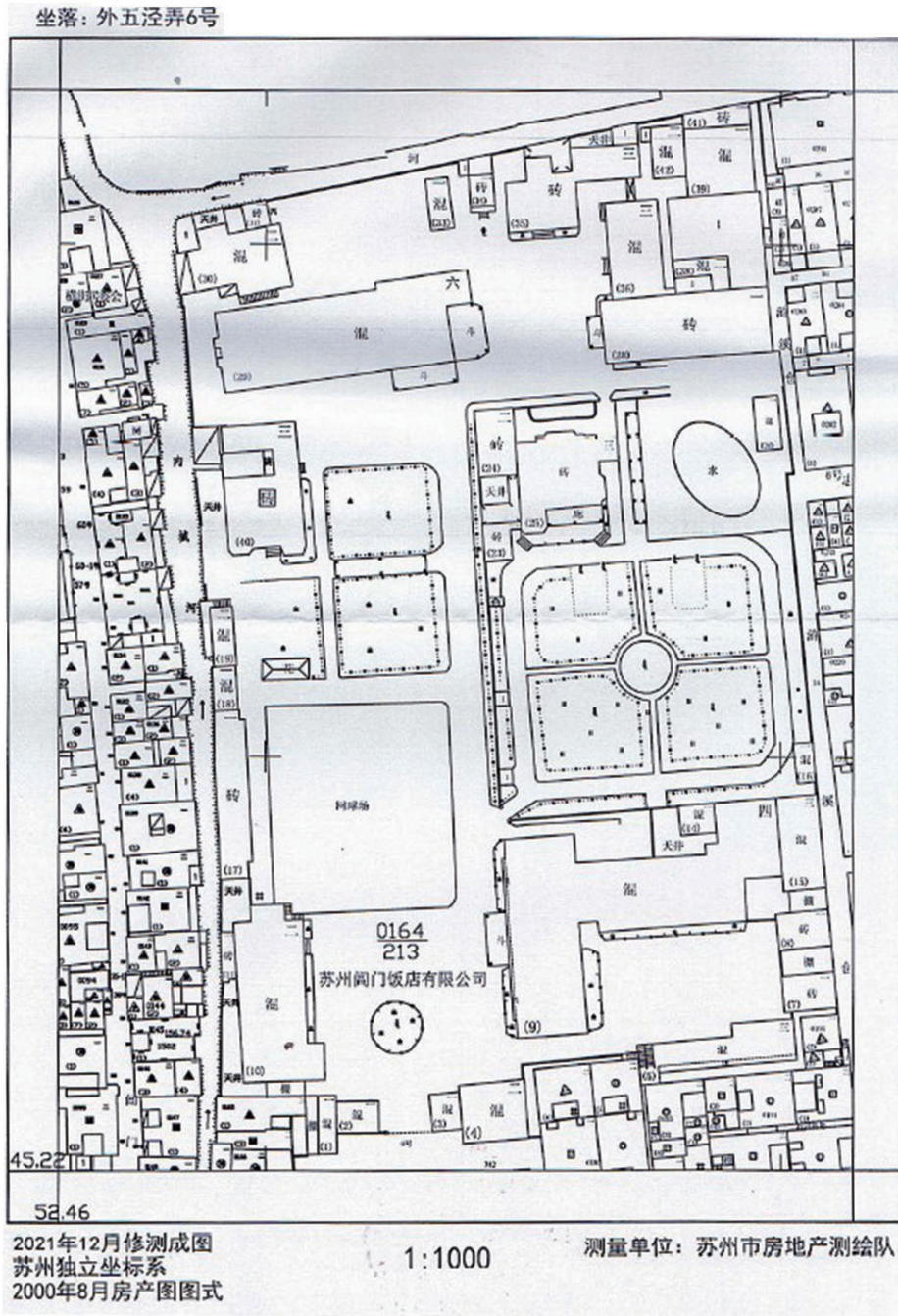
Untaxed rental from leasing * 0.12

APPENDIX I – STATE-OWNED CONSTRUCTION LAND USE RIGHT CERTIFICATE OF SUZHOU CHANG MEN HOTEL

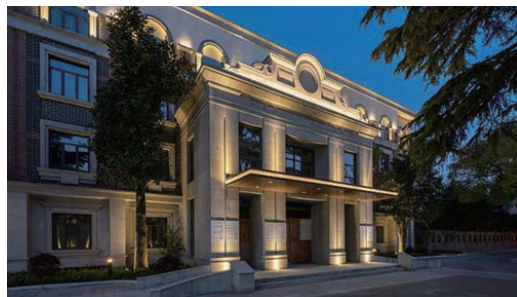
苏 (2021) 苏州市 不动产权第 8031030 号

权利人	苏州蒙恋南庭文化发展有限公司
共有情况	单独所有
坐落	外五泾弄6号
不动产单元号	320508 043027 GB00101 F99990001
权利类型	国有建设用地使用权/房屋所有权
权利性质	出让
用途	餐饮旅馆用地/旅游
面积	土地使用权面积20841.70m ² /房屋建筑面积14798.52m ²
使用期限	国有建设用地使用权 2050年03月10日止
权利其他状况	多幢情况详见附页 登记日期: 2021年12月29日

APPENDIX II - FLOOR PLAN OF SUZHOU CHANG MEN HOTEL



APPENDIX III – PHOTOS OF SUZHOU CHANG MEN HOTEL



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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Director, chief executive of the Company and their respective associates 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 are set out below:

Long positions in Shares as at the Latest Practicable Date:

Name of Chief Executive/Director	Number of Shares held (Note 1)			Approximate % of the issued share capital in the Company (Note 2)
	Personal interests	Corporate interests	Total	
Li Yuguo	2,268,000,000	–	2,268,000,000	29.80%
Liu Yan Chee James	104,800,000	–	104,800,000	1.38%
Yang Xiaoqiang	354,820,000	–	354,820,000	4.66%
Huang Yilin	70,000	–	70,000	0.00%

Notes:

- All interests stated are long positions.
- The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 7,611,690,000 Shares).

Save as disclosed above, 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.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors of the Company, 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 positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of Substantial Shareholder	Capacity/nature of interests	Number of Shares held <i>(Note 1)</i>	Approximate % of the issued share capital in the Company <i>(Note 2)</i>
Li Yuguo	Beneficial owner	2,268,000,000	29.80%

Notes:

- All interests stated are long positions.
- The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 7,611,690,000 Shares).

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as was known to the Directors of the Company (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.

4. DIRECTORS' 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 within one year without payment of compensation (other than statutory compensation).

5. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, save as disclosed herein:

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2021, 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, or were 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 date of this circular and which was significant in relation to the business of the Group as a whole.

6. EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
AP Appraisal Limited	Independent valuer
Lau & Au Yeung C.P.A. Limited	Certified public accountants

AP Appraisal Limited and Lau & Au Yeung C.P.A. Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their reports and all reference to their names in the form and context in which they appear.

As at the Latest Practicable Date, AP Appraisal Limited and Lau & Au Yeung C.P.A. Limited were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against 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 Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Supplemental Agreement;
- (b) the Further Supplemental Agreement;
- (c) the acquisition agreement dated 26 May 2020 entered into between the subsidiary of the Company, New Jumbo Group Limited, Ms. Mu Linlin and Chi Sheng Trading Company Limited in relation to the acquisition of the entire share capital of Chi Sheng Trading Company Limited at a consideration of RMB100,000,000. Please refer to the announcement of the Company dated 26 May 2020 for details;
- (d) the Second Further Supplemental Agreement; and
- (e) the Third Further Supplemental Agreement.

11. GENERAL

- (a) The company secretary of the Company is Mr. Wu Ho Wai, a fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at Room 2601, 26/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong and are also displayed on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.asiaresources899.com.hk> from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the Agreement;
- (b) the material contracts as referred to in the paragraph headed “10. Material Contracts” in this appendix;
- (c) the Bye-Laws;
- (d) the audited consolidated accounts for the Group for the years ended 31 March 2019, 31 March 2020 and 31 March 2021;
- (e) the valuation report, the text of which is set out in appendix V of this circular;
- (f) the written consent from AP Appraisal Limited and Lau & Au Yeung C.P.A. Limited referred to the section headed “6. Expert’s Consent and Qualification” of this appendix; and
- (g) this circular.

Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Asia Resources Holdings Limited (the “**Company**”) will be held by electronic means (via ZOOM MEETING only) on Thursday, 21 April 2022 at 11:30 a.m. (Hong Kong time) at Unit 2601, 26/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, 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 (the “**Agreement**”) dated 31 January 2022, details of which are disclosed in the circular of the Company dated 28 March 2022, entered into among World Kingdom Worldwide Limited, Kwong Wing Yee and Shun Jie International Holdings Company Limited (“**Shun Jie**”) regarding the sale and purchase of the entire issued share capital of Shun Jie (a copy of the Agreement marked “A” is produced to the SGM and signed by the chairman of the SGM for identification purpose) and the transactions contemplated thereunder and the execution thereof be and are hereby ratified, confirmed and approved; and
- (b) each of the Directors be and is hereby authorised to do all such acts and things and sign, ratify and execute all such documents and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in his/their opinion, in the interests of the Company and its shareholders.”

By Order of the Board
Asia Resources Holdings Limited
Li Yuguo
Chairman

Hong Kong, 28 March 2022

* *For identification purposes only*

NOTICE OF SGM

Notes:

1. In light of the new regulations of Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F, Laws of Hong Kong) announced by the Government of the Hong Kong with effect from 10 February 2022, including the prohibition of the holding of physical general meetings of companies, to combat the spread of the COVID-19 pandemic, as well as the uncertainty of the development of the COVID-19 pandemic and the corresponding restriction measures, the SGM will be conducted virtually via electronic means (the “**Virtual SGM**”). The Shareholders and/or their proxies will NOT be able to attend the SGM in person, and can view and participate to a live webcast of the Virtual SGM via electronic means.

The Virtual SGM will be broadcasted from the venue of the SGM in Hong Kong (the “**SGM Venue**”) and only the minimum number of persons will be physically present at the SGM Venue as is legally required to form a quorate meeting by the Directors or other senior staff members of the Company who are Shareholders or proxy. Other Directors will participate by way of electronic means.

Shareholders will be able to view and participate to a live webcast at the start of the SGM until its conclusion on a computer, tablet or any browser enabled device. In order to do so, Shareholders who wish to join the SGM via electronic means must register by Tuesday, 19 April 2022 at 11:30 a.m. (being not less than 48 hours before the SGM) by sending an email to ARHL899@asiaresources899.com.hk and providing personal particulars, including full name, registered address, number of shares held and relevant securities statements for verification purposes. Following authentication of his/her/its status as members of the Company, authenticated Shareholders will receive an email instruction on how to join the live broadcast to observe the proceedings of the SGM by Wednesday, 20 April 2022.

Shareholders may submit questions online during the SGM via the live webcast. Shareholders can also send any questions they may have in advance in relation to the resolutions to be tabled for approval at the SGM. To do so, all questions must be submitted by Tuesday, 19 April 2022 at 11:30 a.m. (being not less than 48 hours before the SGM) by email to ARHL899@asiaresources899.com.hk. The Board will arrange for as many of the questions asked to be answered as possible at the SGM.

2. All resolutions at the SGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the SGM by proxy. If you wish to vote on any resolution at the SGM, you must appoint the chairman of the SGM as your proxy to exercise your right to vote at the SGM in accordance with your instructions. If you appoint a person who is not the chairman of the SGM as your proxy, that person will not be permitted entry to the SGM Venue and will not be able to exercise your vote. Physical attendance at the SGM is not necessary for the purpose of exercising voting rights.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company’s Branch Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 11:30 a.m. on Tuesday, 19 April 2022 (Hong Kong Time) or not less than 48 hours before the time for holding the said meeting or any adjourned meeting.
4. A form of proxy for use at the SGM or any adjournment thereof is enclosed.

NOTICE OF SGM

5. For determining the entitlement to vote at the SGM, the Register of Members of the Company will be closed from Thursday, 14 April 2022 to Thursday, 21 April 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to vote at the SGM (or at any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong Time) on Wednesday, 13 April 2022.
6. In the case of joint holders of a share, any one of such joint holders may vote, but if more than one of such joint holders vote, the one whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. Subject to the development of COVID-19, the Company may implement further changes to the arrangement of the SGM and precautionary measures and may issue further announcement on such measures as appropriate.
8. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the website of the Company at www.asiaresources899.com.hk and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Board consists of three executive directors, Mr. Li Yuguo, Mr. Liu Yan Chee James and Ms. Guo Yumei; two non-executive directors, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and three independent non-executive directors, Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man.