



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING TIANLUN HUANYU INVESTMENT MANAGEMENT COMPANY LIMITED

Introduction

We report on the historical financial information of Beijing Tianlun Huanyu Investment Management Company Limited (the “**Target Company B**”) set out on pages IV-4 to IV-17, which comprises the statements of financial position as at 31 December 2020, 2021, 2022 and 31 March 2023, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years/period then ended (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 IV-4 to IV-7 forms an integral part of this report, which has been prepared for inclusion in the circular of Coastal Greenland Limited dated 29 September 2023 (the “**Circular**”) in connection with the acquisition of the entire equity interest in Shanghai Coastal Commercial Investment Management Company Limited and Shenyang Zhongguang North Film and Television City Company Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2(a) 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 of the Target Company B, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company B's financial position as at 31 December 2020, 2021, 2022 and 31 March 2023 and of the Target Company B's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company B which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2022 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company B are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2(a) to the Historical Financial Information.



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

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

Dividends

We refer to note 7 to the Historical Financial Information which states that no dividends have been paid by the Target Company B in respect of the Relevant Periods.

No financial statements for the Target Company B

No financial statements have been prepared for the Target Company B since its date of incorporation.

A handwritten signature in blue ink, appearing to read 'BDO Wai Man', written over the printed name and title.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate no. P05309

Hong Kong, 29 September 2023



HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY B

Preparation of the Historical Financial Information

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

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

The Historical Financial Information is presented in Hong Kong Dollars (“**HK\$**”), and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended	
		2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	31 March 2022 HK\$'000	2023 HK\$'000
Other losses		(40)	–	–	–	–
Administrative expenses		(1)	(2)	(2)	–	(34)
Loss before taxation		(41)	(2)	(2)	–	(34)
Income tax expense	5	–	–	–	–	–
Loss for the year/period		(41)	(2)	(2)	–	(34)
Other comprehensive income						
<i>Item that will not be reclassified to profit or loss:</i>						
Exchange differences arising on translation to presentation currency		(52)	(24)	73	(7)	(17)
Total comprehensive income for the year/period		<u>(93)</u>	<u>(26)</u>	<u>71</u>	<u>(7)</u>	<u>(51)</u>



STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2020	2021	2022	31 March
		HK\$'000	HK\$'000	HK\$'000	2023
					HK\$'000
Current assets					
Cash and cash equivalents		<u>6</u>	<u>4</u>	<u>25</u>	<u>8</u>
Total current assets		<u>6</u>	<u>4</u>	<u>25</u>	<u>8</u>
Current liabilities					
Other payables		7	7	6	24
Amount due to immediate holding company	8	832	856	784	800
Amount due to ultimate holding company	8	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Total current liabilities		<u>839</u>	<u>863</u>	<u>813</u>	<u>847</u>
Net liabilities		<u>(833)</u>	<u>(859)</u>	<u>(788)</u>	<u>(839)</u>
Equity					
Share capital		11,163	11,163	11,163	11,163
Reserves		<u>(11,996)</u>	<u>(12,022)</u>	<u>(11,951)</u>	<u>(12,002)</u>
Total deficit		<u>(833)</u>	<u>(859)</u>	<u>(788)</u>	<u>(839)</u>



STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$'000	Reserves		Total HK\$'000
		Exchange reserve HK\$'000	Accumulated losses HK\$'000	
At 1 January 2020	11,163	46	(11,949)	(740)
Loss for the year	–	–	(41)	(41)
Exchange differences arising on translation to presentation currency	–	(52)	–	(52)
Total comprehensive income for the year	–	(52)	(41)	(93)
At 31 December 2020 and 1 January 2021	11,163	(6)	(11,990)	(833)
Loss for the year	–	–	(2)	(2)
Exchange differences arising on translation to presentation currency	–	(24)	–	(24)
Total comprehensive income for the year	–	(24)	(2)	(26)
At 31 December 2021 and 1 January 2022	11,163	(30)	(11,992)	(859)
Loss for the year	–	–	(2)	(2)
Exchange differences arising on translation to presentation currency	–	73	–	73
Total comprehensive income for the year	–	73	(2)	71
At 31 December 2022	11,163	43	(11,994)	(788)
At 1 January 2022	11,163	(30)	(11,992)	(859)
Exchange differences arising on translation to presentation currency	–	(7)	–	(7)
At 31 March 2022 (unaudited)	11,163	(37)	(11,992)	(866)
At 1 January 2023	11,163	43	(11,994)	(788)
Loss for the period	–	–	(34)	(34)
Exchange differences arising on translation to presentation currency	–	(17)	–	(17)
Total comprehensive expense for the period	–	(17)	(34)	(51)
At 31 March 2023	11,163	26	(12,028)	(839)



STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended	
	2020	2021	2022	31 March	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)
Cash flows from operating activities					
Loss before taxation	(41)	(2)	(2)	-	(34)
Adjustments for:					
Loss on written-off of property, plant and equipment	40	-	-	-	-
Operating cash flows before working capital changes	(1)	(2)	(2)	-	(34)
Increase in other payables	1	-	-	-	18
Cash used in operations	-	(2)	(2)	-	(16)
Tax paid	-	-	-	-	-
Net cash used in operating activities	-	(2)	(2)	-	(16)
Cash flows from financing activities					
Advance from ultimate holding company	-	-	24	-	-
Net cash generated from financing activities	-	-	24	-	-
Net (decrease) increase in cash and cash equivalents	-	(2)	22	-	(16)
Cash and cash equivalents at beginning of year/period	7	6	4	4	25
Effect of foreign exchange rate changes	(1)	-	(1)	-	(1)
Cash and cash equivalents at end of year/period	<u>6</u>	<u>4</u>	<u>25</u>	<u>4</u>	<u>8</u>



NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

The Target Company B is a limited liability company incorporated in the People's Republic of China (the "PRC"). The Target Company B was inactive during the Relevant Periods.

The directors of the Target Company B consider the Target Company B's immediate holding company and ultimate holding company are Shanghai Coastal Commercial Investment Management Company Limited, a company incorporated in the PRC and Yuzhou Group Holdings Company Limited, a company incorporated in the Cayman Island, respectively.

2. Summary of significant accounting policies

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs (which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Target Company B and became effective during the Relevant Periods. In preparing the Historical Financial Information, the Target Company B has adopted all relevant new or revised HKFRSs effective for accounting period beginning on 1 January 2023, together with the relevant transition provisions, consistently throughout the Relevant Periods.

At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been early adopted by the Target Company B. Details of which are set out in note 3 to the Historical Financial Information.

Notwithstanding the Target Company B had net current liabilities and net liabilities of HK\$833,000, HK\$859,000, HK\$788,000 and HK\$839,000 respectively at 31 December 2020, 2021 and 2022 and 31 March 2023. The directors of the Target Company B have prepared the financial statements on a going concern basis on the ground that undertaking of its immediate holding company not to request the Target Company B to repay its debts in the subsequent 12 months starting from 31 December 2020, 2021 and 2022 and 31 March 2023.

The Historical Financial Information is presented in HK\$ which is different from the functional currency of the Target Company B, Renminbi ("RMB"), as the directors of the Target Company B consider that HK\$ is the appropriate presentation currency in view of place of listing of Coastal Greenland Limited.



(b) Financial Instruments

(i) Financial assets

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Company B’s business model for managing the asset and the cash flow characteristics of the asset.

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

(ii) Impairment loss on financial assets

The Target Company B recognises loss allowances for expected credit loss (“**ECL**”) on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Company B is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Company B in accordance with the contract and all the cash flows that the Target Company B expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.



For debt financial assets, the ECLs are based on the twelve months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

The Target Company B assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Company B considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Company B in full, without recourse by the Target Company B to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables, amount due to immediate holding company and amount due to ultimate holding company are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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



(iv) Effective interest method

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

(v) Equity instruments

Equity instruments issued by the Target Company B are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

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

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

(c) Income taxes

Income taxes for the year/period comprise current tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each Relevant Period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Target Company B's cash management.



(e) Foreign currency

At the end of each Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences relating to the retranslation of the Target Company B's net assets in RMB to its presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in exchange reserve are not reclassified to profit or loss subsequently.

(f) Provisions and contingent liabilities

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

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

(g) Related parties

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

- (i) has control or joint control over the Target Company B;***
- (ii) has significant influence over the Target Company B; or***
- (iii) is a member of key management personnel of the Target Company B or the Target Company B's parent.***

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

- (i) The entity and the Target Company B are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).***
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).***



- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Company B or an entity related to the Target Company B.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company B or to the Target Company B's parent.

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

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

3. New or revised HKFRSs issued but not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ^{1, 2}
Amendments to HKAS 1	Non-current Liabilities with covenants ^{1, 2}

¹ Effective for annual periods beginning on or after 1 January 2024

² As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.



The directors of the Target Company B are in the process of making assessments of what the impact of these amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of these amended HKFRSs is unlikely to have a significant impact on the consolidated financial statements of the Target Company B.

4. Key sources of estimation uncertainty

In the application of the Target Company B's accounting policies, the directors of the Target Company B 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 associated 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors of the Target Company B assessed that the Target Company B did not apply any significant estimation and assumption during the Relevant Periods.

5. Income tax expense

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Target Company B is 25%.

No provision for taxation has been made as the Target Company B does not have assessable profit during the Relevant Periods.

6. Directors' remuneration

No director has received any fees or emoluments in respect of his services rendered to the Target Company B during the Relevant Periods.

7. Dividend

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

8. Amount due to ultimate holding company/immediate holding company

The amount due to ultimate holding company/immediate holding company are interest-free, unsecured and repayable on demand.



9. Reconciliation of liabilities arising from financing activities

	Amount due to immediate holding company HK'000	Amount due to ultimate holding company HK'000
At 1 January 2020	781	–
Other changes:		
Exchange adjustments	<u>51</u>	<u>–</u>
At 31 December 2020 and 1 January 2021	832	–
Other changes:		
Exchange adjustments	<u>24</u>	<u>–</u>
At 31 December 2021 and 1 January 2022	856	–
Changes from financing cash flow:		
Advance from ultimate holding company	–	24
Other changes:		
Exchange adjustments	<u>(72)</u>	<u>(1)</u>
At 31 December 2022	<u><u>784</u></u>	<u><u>23</u></u>
At 1 January 2022	856	–
Other changes:		
Exchange adjustments	<u>7</u>	<u>–</u>
At 31 March 2022 (unaudited)	<u><u>863</u></u>	<u><u>–</u></u>
At January 2023	784	23
Other changes:		
Exchange adjustments	<u>16</u>	<u>–</u>
At 31 March 2022	<u><u>800</u></u>	<u><u>23</u></u>

10. Related parties transactions

In the opinion of the directors of the Target Company B, key management personnel of the Target Company B represented the directors of the Target Company B whom did not receive any remuneration during the Relevant Periods.



11. Summary of financial assets and financial liabilities by category

The following table shows the carrying amount of financial assets and liabilities:

	As at 31 December			As at
	2020	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000	2023
				HK\$'000
Financial assets at amortised cost				
Cash and cash equivalents	<u>6</u>	<u>4</u>	<u>25</u>	<u>8</u>
Financial liabilities at amortised cost				
Other payables	7	7	6	24
Amount due to immediate holding company	832	856	784	800
Amount due to ultimate holding company	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
	<u>839</u>	<u>863</u>	<u>813</u>	<u>847</u>

Financial instruments not measured at fair value include cash and cash equivalents, other payables, amount due to immediate holding company and amount due to ultimate holding company. Due to their short-term nature, the carrying values of these financial instruments approximate their fair values.

12. Financial risk management

The main risks arising from the Target Company B's financial instruments in the normal course of the Target Company B's business are credit risk and liquidity risk. These risks are limited by the Target Company B's financial management policies and practices described below.

(i) Credit risk

Cash and cash equivalents

The Target Company B's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

(ii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors of the Target Company B, which has built an appropriate liquidity risk management framework for the management of the Target Company B's short, medium and long-term funding and liquidity management requirements. The Target Company B manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.



The maturity profile of the Target Company B's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand HK\$'000
As at 31 December 2020			
Other payables	7	7	7
Amount due to immediate holding company	<u>832</u>	<u>832</u>	<u>832</u>
	<u>839</u>	<u>839</u>	<u>839</u>
As at 31 December 2021			
Other payables	7	7	7
Amount due to immediate holding company	<u>856</u>	<u>856</u>	<u>856</u>
	<u>863</u>	<u>863</u>	<u>863</u>
As at 31 December 2022			
Other payables	6	6	6
Amount due to immediate holding company	784	784	784
Amount due to ultimate holding company	<u>23</u>	<u>23</u>	<u>23</u>
	<u>813</u>	<u>813</u>	<u>813</u>
As at 31 March 2023			
Other payables	24	24	24
Amount due to immediate holding company	800	800	800
Amounts due to ultimate holding company	<u>23</u>	<u>23</u>	<u>23</u>
	<u>847</u>	<u>847</u>	<u>847</u>

13. Capital management

The primary objectives of the Target Company B's capital management are to safeguard the Target Company B's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity owners' value. The Target Company B manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company B may adjust the dividend payment to equity owners, return capital to equity owners or raise new capital. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

14. Event after the Relevant Periods

There has been no significant event since the end of the Relevant Periods.

15. Subsequent financial statements

No audited financial statements have been prepared by the Target Company B in respect of any period subsequent to 31 March 2023.