THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional advisor.

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

If you have sold or transferred all your shares in MULTIFIELD INTERNATIONAL HOLDINGS LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Multifield

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

VERY SUBSTANTIAL DISPOSAL
MAJOR ACQUISITION
DISCLOSEABLE TRANSACTION
REORGANISATION PLAN OF GROUP OF COMPANIES
AND
NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company

Lego Corporate Finance Limited
力高企業融資有限公司

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

A letter from the Board is set out on pages 7 to 26 of this circular.

A notice convening the SGM of the Company to be held at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Thursday, 23 July 2020 at 4:00 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

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

30 June 2020

CONTENTS

Page

CONTENTS		i
DEFINITIONS		1
LETTER FROM THE BOARD		7
APPENDIX I	**– FINANCIAL INFORMATION OF THE GROUP**	I-1
APPENDIX II	**– ACCOUNTANTS' REPORT OF OE DISPOSAL COMPANY**	II-1
APPENDIX III	**– MANAGEMENT DISCUSSION AND ANALYSIS OF THE OE DISPOSAL COMPANY**	III-1
APPENDIX IV	**– FINANCIAL INFORMATION OF THE MULTIFIELD DISPOSAL GROUP**	IV-1
APPENDIX V	**– UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**	V-1
APPENDIX VI	**– MANAGEMENT DISCUSSION AND ANALYSIS OF THE ENLARGED GROUP**	VI-1
APPENDIX VII	**– PROPERTY VALUATION REPORT**	VII-1
APPENDIX VIII	**– GENERAL INFORMATION**	VIII-1
NOTICE OF SGM		SGM-1

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

"Announcement"	means the joint announcement dated 11 June 2020 of the Company and Oriental Explorer in relation to the Master Agreement and the transaction contemplated thereto;
"associate(s)"	has the meaning ascribed thereto in the Listing Rules;
"Board"	the board of the Directors;
"Business Day(s)"	a day (excluding Saturdays and Sundays and a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time and remains in effect between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours;
"BVI"	the British Virgin Islands;
"Bye-laws"	the bye-laws of the Company;
"Call Rich"	Call Rich Investments Limited, a company incorporated in the BVI with limited liability and indirectly owned as to 25.04% by OE Disposal Company as at the Latest Practicable Date;
"close associate(s)"	has the meaning ascribed thereto in the Listing Rules;
"Company" or "Multifield"	Multifield International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 898), the holding company of Oriental Explorer;
"Completion Date"	the fifth (5th) Business Days after the fulfilment or waiver (if permitted) of all the conditions precedent or such other date as Multifield and Oriental Explorer may agree in writing;
"Completion"	means completion of the Transactions contemplated under the Master Agreement;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Corncentre Investments"	means Corncentre Investments Limited, a company incorporated in the BVI with limited liability and indirectly owned as to 15.024% by OE Disposal Company as at the Latest Practicable Date;
"Director(s) "	means the directors of the Company;

"Enlarged Group"	means the Group upon Completion;
"Group" or "Multifield Group"	the Company and its subsidiaries from time to time (excluding the OE Group for the purpose of this circular);
"Head Wonder"	Head Wonder International Limited, a company incorporated in the BVI with limited liability and owned as to 5% by OE Disposal Company as at the Latest Practicable Date;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards;
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Initial Multifield Consideration"	the initial consideration for the OE Disposal payable by Multifield to Oriental Explorer in the sum of HK$1,146,746,283, subject to adjustment;
"Initial OE Consideration"	the initial consideration for the Multifield Disposal payable by Oriental Explorer to Multifield in the sum of HK$1,381,502,456, subject to adjustment;
"Latest Practicable Date"	means 23 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange from time to time;
"Long Stop Date"	31 December 2020 (or such later date as the Company and Oriental Explorer may agree in writing), being the deadline for fulfilment of the conditions precedent;
"Master Agreement"	the master agreement dated 11 June 2020 entered into between Multifield and Oriental Explorer in relation to the Transactions;
"Mr. Lau"	means Mr. Lau Chi Yung, Kenneth, a director of the Company and Oriental Explorer and a controlling shareholder of the Company;
"Multifield Acquisition"	means collectively the Multifield Company Acquisition and the Multifield Share Acquisition;
"Multifield Company Acquisition"	means the acquisition of the OE Disposal Share and the OE Disposal Debts from Oriental Explorer pursuant to the terms of the Master Agreement;

"Multifield Disposal Company" or "Disposal Company"	means Reach Profit Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Multifield as at the Latest Practicable Date;
"Multifield Disposal Debts"	means the outstanding unsecured, interest-free loan without any fixed term of repayment owed by the Multifield Disposal Company to Multifield to be assigned to Oriental Explorer at Completion;
"Multifield Disposal Group" or "Disposal Group"	means the Multifield Disposal Company and its subsidiaries;
"Multifield Disposal Properties"	means the residential, industrial and commercial properties held directly or indirectly by members of the Multifield Disposal Group, a certain number of which are currently rented out for rental income;
"Multifield Disposal Share"	1 share (representing 100% of the total issued share capital) in the Multifield Disposal Company;
"Multifield Disposal"	means the disposal of the Multifield Disposal Share and the Multifield Disposal Debts to Oriental Explorer pursuant to the terms of the Master Agreement;
"Multifield Share Acquisition"	means the acquisition of the OE Consideration Shares from Oriental Explorer pursuant to the terms of the Master Agreement;
"Multifield Transactions"	means collectively the Multifield Disposal and the Multifield Acquisition;
"OE Acquisition"	means the acquisition of the Multifield Disposal Share and the Multifield Disposal Debts from Multifield pursuant to the terms of the Master Agreement;
"OE Consideration Shares"	means the new OE Shares to be allotted and issued by Oriental Explorer to Multifield or its nominee as part of the Initial OE Consideration;
"OE Disposal Company"or "Target Company"	means Linkful Strategic Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Oriental Explorer as at the Latest Practicable Date;
"OE Disposal Debts"	means the outstanding unsecured, interest-free loan without any fixed term of repayment owed by the OE Disposal Company to Oriental Explorer to be assigned to Multifield at Completion;

"OE Disposal Group Reorganisation"	the OE Disposal Company having transferred all its equity interest in Linkful (Holdings) Limited and Linkful Properties Company Limited, being direct and indirect wholly-owned subsidiaries of the OE Disposal Company respectively, to other members of the OE Group (other than any member of the OE Disposal Group) and having acquired all Linkful Properties Company Limited's equity interest in Head Wonder (i.e. 5% of the issued share capital of Head Wonder);
"OE Disposal Group" or "Target Group"	means (i) the OE Disposal Company and its subsidiaries; and (ii) the OE Minority Interests Companies;
"OE Disposal Share"	1 share (representing 100% of the total issued share capital) in the OE Disposal Company;
"OE Disposal"	means the disposal of the OE Disposal Share and the OE Disposal Debts to Multifield pursuant to the terms of the Master Agreement;
"OE Group"	means Oriental Explorer and its subsidiaries from time to time;
"OE Independent Shareholders"	shareholders of Oriental Explorer who do not have any material interest (as defined under the Listing Rules) in the transactions under the Master Agreement;
"OE Listed Securities"	means the listed securities held by OE Disposal Company, a majority of which are listed on the main board of the Stock Exchange;
"OE Minority Interests Companies"	means collectively Head Wonder, Call Rich, Rich Returns and Corncentre Investments;
"OE Minority Interests"	means collectively (i) 500 shares (representing 5% of the total issued share capital) in Head Wonder; (ii) 12,520 shares (representing 25.04% of the total issued share capital) in Call Rich; (iii) 18 shares (representing 18% of the total issued share capital) in Rich Returns; and (iv) 7,512 shares (representing 15.024% of the total issued share capital) in Corncentre Investments;
"OE SGM"	means the special general meeting of Oriental Explorer to be convened for the purpose of approving the Master Agreement and the transactions contemplated thereunder;
"OE Share(s)"	share(s) of HK$0.01 each in the share capital of Oriental Explorer;
"OE Transactions"	means collectively the OE Disposal and the OE Acquisition;

"Oriental Explorer"	Oriental Explorer Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 430) and a subsidiary of the Company;
"Post Completion Multifield Disposal Group Accounts"	has the meaning ascribed to it in the paragraph headed "Adjustment to the Initial OE Consideration";
"Post Completion OE Disposal Group Accounts"	has the meaning ascribed to it in the paragraph headed "Adjustment to the Initial Multifield Consideration";
"PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
"Rich Returns"	means Rich Returns Limited, a company incorporated in the BVI with limited liability and indirectly owned as to 18% by OE Disposal Company as at the Latest Practicable Date;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	means the special general meeting of the Company to be convened for the purpose of approving the Master Agreement and the transactions contemplated thereunder;
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the share capital of the Company (or such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, from time to time);
"Shareholder(s)"	holder(s) of Share(s) in issue;
"Specific Mandate"	the specific mandate to be sought from the OE Independent Shareholders at the OE SGM to allot and issue the OE Consideration Shares to Multifield or its nominee at Completion;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transactions"	means collectively the Multifield Transactions and the OE Transactions;

"Yili"	means Yili Hotel Property Management (Shanghai) Limited* (怡麗酒店物業管理(上海)有限公司), a company established in the PRC;
"Yizhen"	means Yizhen Hotel Property Management (Shanghai) Limited* (怡真酒店物業管理(上海)有限公司), a company established in the PRC; and
"%"	per cent.

*The English transliteration of the PRC name(s) in this circular, where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such PRC name(s).*

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 898)

Executive Directors:
Mr. Lau Chi Yung, Kenneth *(Chairman)*
Mr. Lau Michael Kei Chi
(Vice-Chairman and Managing Director)

Independent Non-executive Directors:
Mr. Lee Siu Man, Ervin
Mr. Wong Yim Sum
Mr. Tsui Ka Wah

Registered Office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal Place of Business in Hong Kong:
Units 22-28, 25/F
Tower A, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

30 June 2020

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
MAJOR ACQUISITION
DISCLOSEABLE TRANSACTION
REORGANISATION PLAN OF GROUP OF COMPANIES
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement and the supplemental announcement of Oriental Explorer dated 23 June 2020 in relation to the Transactions.

As disclosed in the Announcement, on 11 June 2020, the Company and Oriental Explorer entered into the Master Agreement. The transactions contemplated thereunder will be a reorganisation of group of companies of the Group and the OE Group.

The purpose of this circular is to provide you with, among other things, (i) further details of the Multifield Disposal and Multifield Acquisition; (ii) the financial information of the OE Disposal Group; (iii) the unaudited pro forma financial information of the Enlarged Group upon Completion; (iv) the property valuation report of the Multifield Disposal Properties and the properties held by the OE Disposal Group; (v) the financial information of Multifield; (vi) the financial information of the Multifield Disposal Group; (vii) other information as required under the Listing Rules; and (viii) a notice of the SGM.

MASTER AGREEMENT

Set out below are the principal terms of the Master Agreement:

Date: 11 June 2020

Parties:
(i) Multifield; and
(ii) Oriental Explorer.

Subject Matter: Pursuant to the Master Agreement,

(1) Multifield has conditionally agreed to sell, and Oriental Explorer has conditionally agreed to purchase the Multifield Disposal Share (representing the entire issued share capital of the Multifield Disposal Company) and the Multifield Disposal Debts; and

(2) Oriental Explorer has conditionally agreed to sell, and Multifield has conditionally agreed to purchase the OE Disposal Share (representing the entire issued share capital of the OE Disposal Company) and the OE Disposal Debts.

The Multifield Disposal Company is a direct wholly-owned subsidiary of the Company. Following the Multifield Disposal, the Multifield Disposal Company will become a direct wholly-owned subsidiary of Oriental Explorer. Given the Company indirectly holds approximately 64.06% of the entire issued share capital of Oriental Explorer as at the Latest Practicable Date and will hold approximately 75.0% of the entire issued share capital of Oriental Explorer immediately after the Completion, the Multifield Disposal Company will still be an indirect subsidiary of the Company.

The OE Disposal Company is a direct wholly-owned subsidiary of Oriental Explorer. Following the OE Disposal, the OE Disposal Company will become a direct wholly-owned subsidiary of the Company.

Upon Completion, the Company will indirectly hold 75% of the entire issued share capital of Oriental Explorer.

Consideration:

Initial OE Consideration

The Initial OE Consideration (subject to adjustment) for the Multifield Disposal is HK$1,381,502,456, which consists of (i) the consideration for the Multifield Disposal Debts being the sum equivalent to the outstanding amount of the Multifield Disposal Debts as at 31 March 2020 of HK$364,242,118, and (ii) the consideration for the Multifield Disposal Share being the sum of the net asset value of the Multifield Disposal Group as at 31 March 2020 of HK$1,017,260,338.

The Initial OE Consideration was arrived at after arm's length negotiation between Multifield and Oriental Explorer with reference to, among other things, (i) the unaudited combined net asset value of the Multifield Disposal Group as at 31 March 2020 in an amount of approximately HK$1,017,260,338 based on the unaudited combined management accounts of the Multifield Disposal Group reflecting the preliminary valuation of the Multifield Disposal Properties as at 31 March 2020 as appraised by an independent firm of qualified professional valuers; and (ii) the outstanding amount of the Multifield Disposal Debts of approximately HK$364,242,118 as at 31 March 2020.

Adjustment to the Initial OE Consideration

Multifield shall furnish to Oriental Explorer the financial statements of Multifield Disposal Group as at the Completion Date ("**Post Completion Multifield Disposal Group Accounts**") within 60 Business Days after the Completion Date.

If the aggregate sum of (i) the net asset value of the Multifield Disposal Group at the Completion Date and (ii) the outstanding amount of the Multifield Disposal Debts at the Completion Date as shown on the Post Completion Multifield Disposal Group Accounts shall be more than the amount of the Initial OE Consideration, the Initial OE Consideration shall be adjusted upwards on a dollar for dollar basis. Such adjusted upwards amount shall be payable by Oriental Explorer to Multifield.

If the aggregate sum of (i) the net asset value of the Multifield Disposal Group at the Completion Date and (ii) the outstanding amount of the Multifield Disposal Debts at the Completion Date as shown on the Post Completion Multifield Disposal Group Accounts shall be less than the amount of the Initial OE Consideration, the Initial OE Consideration shall be adjusted downwards on a dollar for dollar basis (without prejudice to Oriental Explorer's right to claim damages from Multifield to the extent the loss is not covered by adjustment in the Initial OE Consideration). Such adjusted downwards amount shall be payable by Multifield to Oriental Explorer.

Initial Multifield Consideration

The Initial Multifield Consideration (subject to adjustment) for the OE Disposal is HK$1,146,746,283, which consists of (i) the consideration for the OE Disposal Debts being the sum equivalent to the outstanding amount of the OE Disposal Debts as at 31 March 2020 of HK$217,356,507, and (ii) the sum of the net asset value of the OE Disposal Group as at 31 March 2020 of HK$929,389,776.

The Initial Multifield Consideration was arrived at after arm's length negotiation between Oriental Explorer and the Company with reference to, among other things, (i) the unaudited consolidated net asset value of the OE Disposal Group as at 31 March 2020 in an amount of approximately HK$929,389,776 based on the unaudited consolidated management accounts of the OE Disposal Group reflecting (a) the fair value of the OE Listed Securities and (b) the preliminary valuation of interests in properties held by members of the OE Disposal Group as appraised by an independent firm of qualified professional valuers, both as at 31 March 2020; and (ii) the outstanding amount of the OE Disposal Debts of approximately HK$217,356,507 as at 31 March 2020.

Adjustment to the Initial Multifield Consideration

Oriental Explorer shall furnish to the Company the financial statements of OE Disposal Group as at the Completion Date ("**Post Completion OE Disposal Group Accounts**") within 60 Business Days after the Completion Date.

If the aggregate sum of (i) the net asset value of the OE Disposal Group at the Completion Date and (ii) the outstanding amount of the OE Disposal Debts at the Completion Date as shown on the Post Completion OE Disposal Group Accounts shall be more than the amount of the Initial Multifield Consideration, the Initial Multifield Consideration shall be adjusted upwards on a dollar for dollar basis. Such adjusted upwards amount shall be payable by Multifield to Oriental Explorer.

If the aggregate sum of (i) the net asset value of the OE Disposal Group at the Completion Date and (ii) the outstanding amount of the OE Disposal Debts at the Completion Date as shown on the Post Completion OE Disposal Group Accounts shall be less than the amount of the Initial Multifield Consideration, the Initial Multifield Consideration shall be adjusted downwards on a dollar for dollar basis (without prejudice to the Company's right to claim damages from Oriental Explorer to the extent the loss is not covered by adjustment in the Initial Multifield Consideration). Such adjusted downwards amount shall be payable by Oriental Explorer to Multifield.

Payment:

Oriental Explorer shall pay to Multifield the sum equivalent to the shortfall between the Initial OE Consideration and the Initial Multifield Consideration, which, subject to adjustment, amounted to HK$234,756,173 and such sum is to be settled by Oriental Explorer as follows: -

(a) as to HK$86,983,129.89, by the issue of OE Consideration Shares to Multifield or its nominee at Completion; and

(b) the balance of HK$147,773,043.11 by cash or issue of interest-free promissory note (to be chosen by Oriental Explorer at its sole and absolute discretion) by Oriental Explorer to Multifield.

The cash portion (if any) of the Initial OE Consideration under (b) above will be funded from internal resources of the OE Group. Instead of paying cash, Oriental Explorer may at its sole discretion issue to Multifield a one-year interest-free promissory note (which is non-transferable and can be early redeemed by Oriental Explorer by giving not less than seven (7) days' notice) covering the balance as a bridging measure. Thereafter, Oriental Explorer will mortgage the Multifield Disposal Properties and obtain bank loans for the purpose of repaying the sum due under the said promissory note.

As regards to the amount payable by virtue of the adjustment to the Initial OE Consideration and the Initial Multifield Consideration after Completion, Multifield and Oriental Explorer are entitled to set off the amount payable by each other (if any) on a dollar-for-dollar basis.

If the aggregate amount payable by Multifield to Oriental Explorer is greater than the aggregate amount payable by Oriental Explorer to Multifield by virtue of the adjustment to the Initial OE Consideration and the Initial Multifield Consideration after Completion, Multifield shall pay to Oriental Explorer such difference by cash within fourteen (14) Business Days after issuance of the Post Completion Multifield Disposal Group Accounts and the Post Completion OE Disposal Group Accounts.

If the aggregate amount payable by Multifield to Oriental Explorer is less than the aggregate amount payable by Oriental Explorer to Multifield by virtue of the adjustment to the Initial OE Consideration and the Initial Multifield Consideration after Completion, Oriental Explorer shall pay to Multifield such difference by way of cash or issuance of one-year interest-free promissory note (to be chosen by Oriental Explorer at its sole and absolute discretion) which, if chosen, shall be non-transferable and can be early redeemed by Oriental Explorer by giving not less than seven (7) days' notice, within fourteen (14) Business Days after issuance of the Post Completion Multifield Disposal Group Accounts and the Post Completion OE Disposal Group Accounts.

Conditions Precedent: Completion for the transactions under the Master Agreement is conditional upon, among other things, the following conditions being fulfilled or waived (as the case may be) on or before the Long Stop Date:-

(1) the OE Independent Shareholders shall have approved by way of poll at the OE SGM in respect of the entering into of the Master Agreement and the transactions contemplated thereunder by Oriental Explorer, including the issue of the OE Consideration Shares;

(2) the Shareholders shall have approved by way of poll at the SGM in respect of the entering into of the Master Agreement and the transactions contemplated thereunder by Multifield;

(3) the Stock Exchange granting the listing of, and permission to deal in the OE Consideration Shares and such approval have not been revoked;

(4) Multifield shall have notified Oriental Explorer in writing that in reliance on the warranties and representations provided by Oriental Explorer, it is satisfied upon inspection and investigation as to the financial, corporate, taxation and trading positions of each member of the OE Disposal Group;

(5) Oriental Explorer shall have notified Multifield in writing that in reliance on the warranties and representations provided by Multifield, it is satisfied upon inspection and investigation as to the financial, corporate, taxation and trading positions of each member of the Multifield Disposal Group;

(6) Multifield shall have delivered to Oriental Explorer an original certificate of good standing dated no earlier than the date of the Master Agreement and an original certificate of incumbency dated no earlier than the date of the Master Agreement in respect of each member of the Multifield Disposal Group that are incorporated in the BVI;

(7) Oriental Explorer shall have delivered to Multifield an original certificate of good standing dated no earlier than the date of the Master Agreement and an original certificate of incumbency dated no earlier than the date of the Master Agreement in respect of each member of the OE Disposal Group that are incorporated in the BVI;

(8) Multifield shall have given, proved and shown the title to such properties located in Hong Kong and directly or indirectly owned by each of the member of the Multifield Disposal Group and made and furnished to Oriental Explorer the originals or certified copies (as the case may be) of such deeds and documents of title, will and matters of public records as may be necessary to complete and prove such title; and in respect of such properties that are located in the PRC, Multifield shall have provided legal opinion issued by PRC lawyers to confirm that those properties are vested in the relevant members of the Multifield Disposal Group; and

(9) Oriental Explorer shall have completed the OE Disposal Group Reorganisation and delivered the certificate of incumbency or register of members of Head Wonder to Multifield showing that the OE Disposal Company owns 5% of the issued share capital of Head Wonder.

Multifield or Oriental Explorer (as the case may be) may waive all or any condition(s) (other than conditions (1), (2) and (3) above) by notice in writing to the other party.

If the conditions set out above has not been fulfilled or (where applicable) waived by the Long Stop Date, the Master Agreement shall cease and determine and no party to the Master Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Master Agreement.

As at the Latest Practicable Date, none of the conditions has been fulfilled or waived.

Completion: Completion of the Transactions shall take place simultaneously on the fifth Business Day after the fulfillment (or waiver, if permitted) of all the conditions precedent above or such other date as Multifield and Oriental Explorer may agree in writing.

Upon Completion, the OE Disposal Company will become a direct wholly-owned subsidiary of Multifield; on the other hand, the Multifield Disposal Company (which holds the Multifield Disposal Properties through its subsidiaries) will become a direct wholly-owned subsidiary of Oriental Explorer and thus the Multifield Disposal Company will still be a subsidiary of Multifield (through its shareholdings in Oriental Explorer).

After Completion, the OE Group will cease to be engaged in securities trading and investment as its principal business. The OE Group will continue to engage in the property investment businesses. Multifield, holding the majority stakes in the OE Minority Interests Companies before the Transactions, will further enhance its shareholdings in such companies and will, apart from other non-property related business, focus on property development.

OE Consideration Shares: Pursuant to the terms of the Master Agreement, 1,181,836,004 OE Consideration Shares will be allotted and issued at the issue price of HK$0.0736 per OE Consideration Share and to be credited as fully paid.

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

The OE Consideration Shares will be allotted and issued under Specific Mandate of Oriental Explorer to be sought at the OE SGM. The OE Consideration Shares, when allotted and issued, will rank pari passu in all respects with the existing OE Shares then in issue.

INFORMATION ON ORIENTAL EXPLORER

Oriental Explorer is an indirect subsidiary of Multifield and the OE Group's principal activities during the year ended 31 December 2019 are property investment, trading of securities and investment holding.

The following information is extracted from the annual report of Oriental Explorer for the year ended 31 December 2019:

	For the year ended 31 December 2019	**For the year ended 31 December 2018**
	HK$'000	*HK$'000*
	(audited)	(audited)
Profit/(loss) before tax	52,470	(91,359)
Profit/(loss) for the year	52,045	(91,785)

Based on the annual report of Oriental Explorer for the year ended 31 December 2019, the audited consolidated net asset value of Oriental Explorer as at 31 December 2019 was approximately HK$1,449.3 million.

Effect on the Shareholding Structure

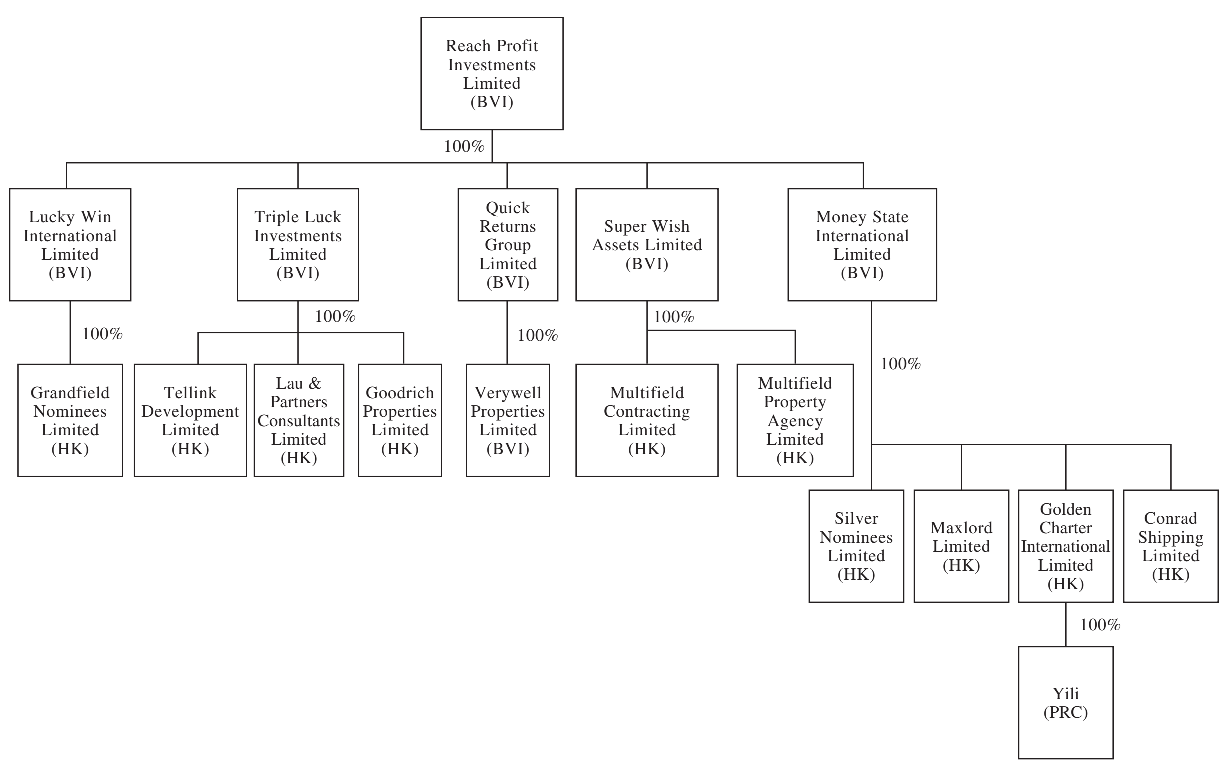
The allotment of the OE Consideration Shares by Oriental Explorer to Multifield will result in Multifield's acquisition of additional interest in Oriental Explorer. Assuming that there being no issue (other than the OE Consideration Shares) or repurchases of shares in Oriental Explorer from the Latest Practicable Date, the OE Consideration Shares represent (i) approximately 43.8% of the issued share capital of Oriental Explorer as at the Latest Practicable Date; and (ii) approximately 30.4% of the enlarged issued share capital of Oriental Explorer immediately after Completion. The following table depicts the shareholding structure of Oriental Explorer (i) as at the Latest Practicable Date; and (ii) immediately after Completion:

Shareholders	**As at the Latest Practicable Date**		**Immediately after allotment and issue of the OE Consideration Shares**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Multifield	1,729,540,999	64.1	2,911,377,003	75.0
Public shareholders	970,459,001	35.9	970,459,001	25.0
Total	2,700,000,000	100.0	3,881,836,004	100.0

INFORMATION ON THE MULTIFIELD DISPOSAL GROUP

Set out below is the group structure chart and the basic information of the Multifield Disposal Group:

Group structure chart



Information on Multifield Disposal Company

The Multifield Disposal Company was incorporated in the BVI on 23 December 2019. As at the Latest Practicable Date, the Multifield Disposal Company is a direct wholly-owned subsidiary of Multifield. The Multifield Disposal Group consists of the Multifield Disposal Company and a number of direct and indirect subsidiary(ies). As at the Latest Practicable Date, Yili is dormant and Multifield is underway to wind-up such company. The Multifield Disposal Company indirectly holds the entire interest in the Multifield Disposal Properties through its subsidiaries. The Multifield Disposal Group receives rental income generated from the Multifield Disposal Properties.

Principal activities

The principal activities of the Multifield Disposal Company are investment holding and (through members of the Multifield Disposal Group) property investment.

Financial information

The Multifield Disposal Group recorded net profit before and after taxation of (i) approximately HK$28.14 million and HK$27.91 million for the year ended 31 December 2018; and (ii) approximately HK$83.12 million and HK$78.59 million for the year ended 31 December 2019, respectively. The unaudited net asset value of the Multifield Disposal Group as at 31 March 2020 was HK$1,017,260,338.

Information on Multifield Disposal Properties

As at the Latest Practicable Date, the Multifield Disposal Group is principally engaged in property investment and the Multifield Disposal Properties consist of residential, industrial and commercial properties in Hong Kong and the PRC. The properties are as follows:–

(1) Ground Floor of Block 1B, Pine Villas, Nos.118 & 118A, Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong;

(2) Multifield Centre, No. 426 Shanghai Street, Kowloon, Hong Kong;

(3) Flat B on 30th Floor of Tower 6 and Private Cars Car Park No. 58 on Car Park Level 2, Bel-Air on the Peak of Island South, No. 68 Bel-Air Peak Avenue, Hong Kong;

(4) Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong;

(5) Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong;

(6) Car Parking Space No. 1071 on 1st Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong;

(7) Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor, Tower 2, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong;

(8) Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 14th Floor and Car Parking Space Nos. 1-4 and 10-21, Blue Box Factory Building, No. 25 (Formerly No. 15) Hing Wo Street, Hong Kong; and

(9) Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, The PRC.

As at 31 December 2019, the total book value of the Multifield Disposal Properties was approximately HK$1,407.5 million. The original purchase cost of the Multifield Disposal Properties was approximately HK$309.4 million.

In selecting the Multifield Disposal Properties, the Board considered the following factors:–

(1) the interests of the properties are wholly-owned by Multifield;

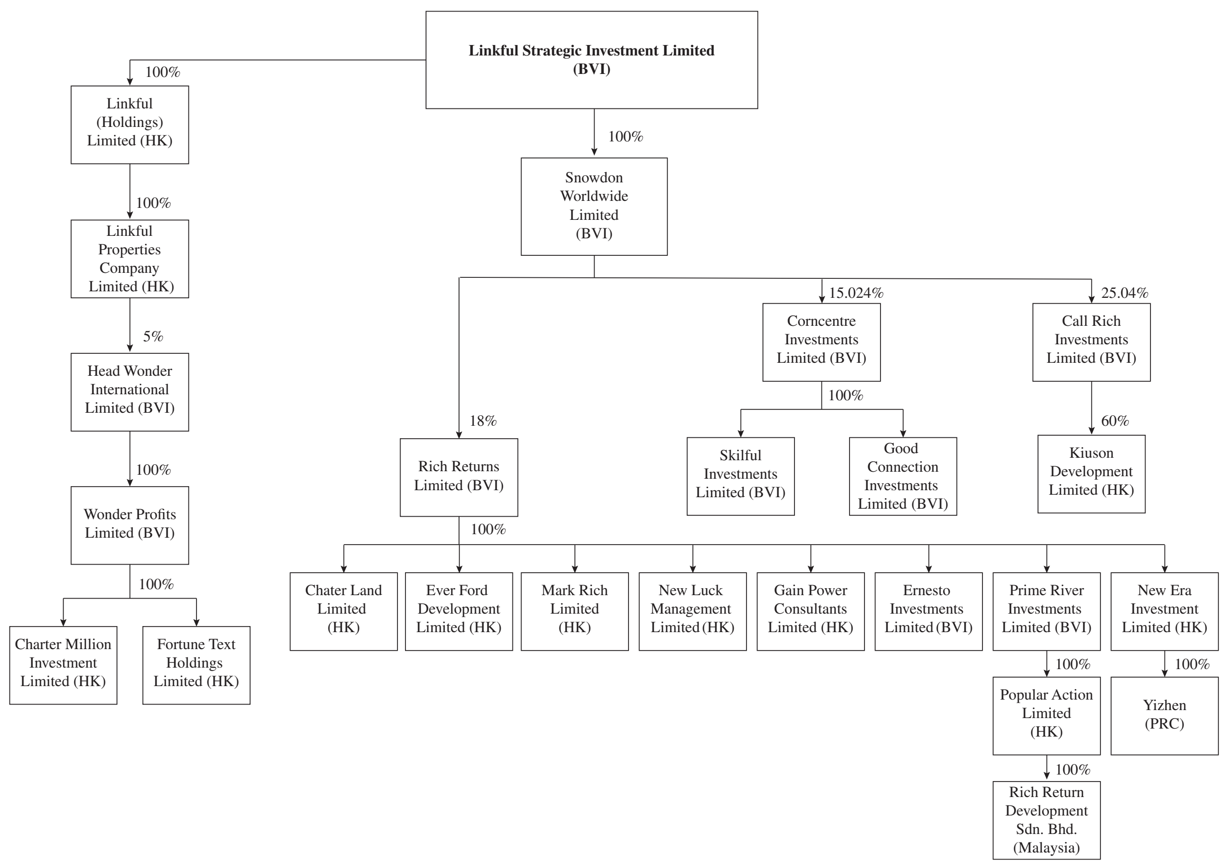
(2) properties that are not subject to mortgage or legal charge; and

(3) the market value of the properties and affordability of the counter-party.

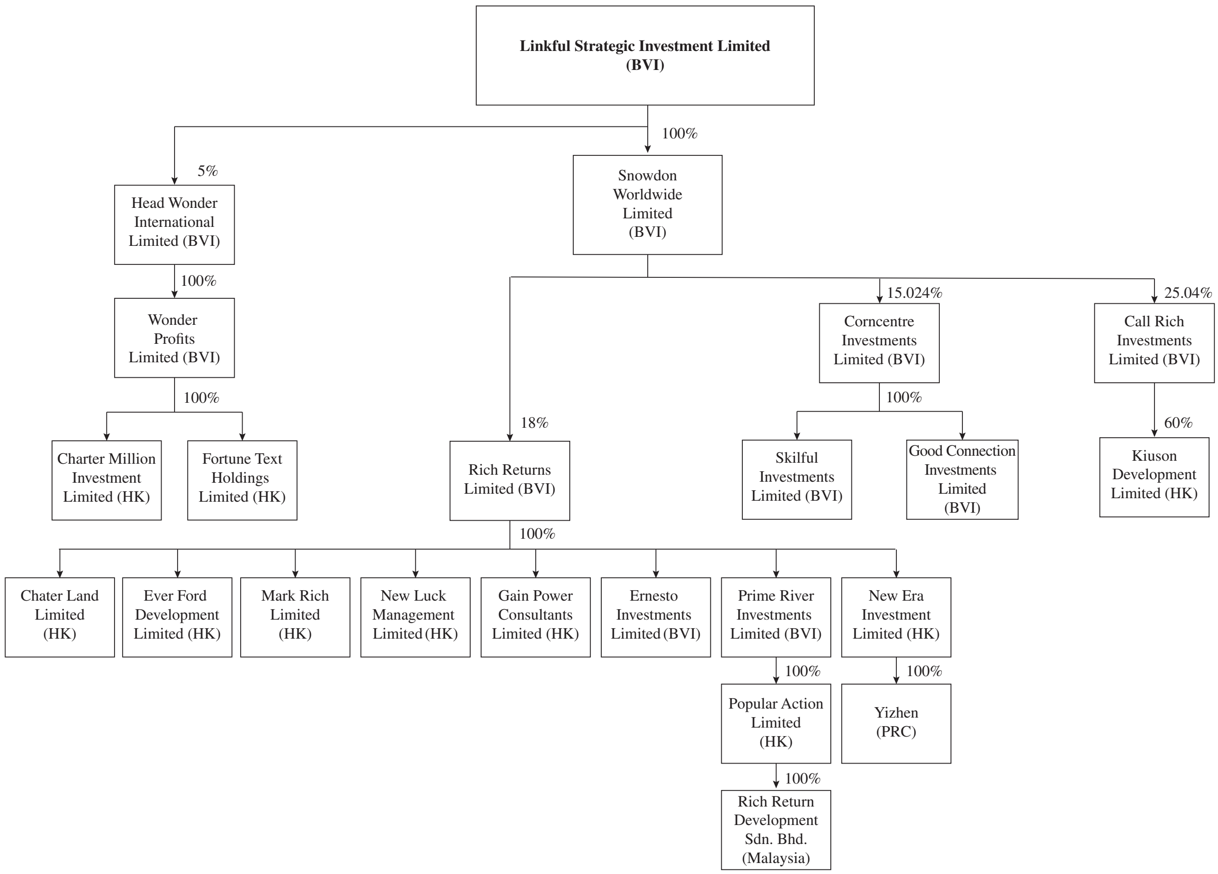
INFORMATION ON THE OE DISPOSAL GROUP

Set out below is the group structure chart and the basic information of the OE Disposal Group:

Group structure chart before OE Disposal Group Reorganisation



Group structure chart after OE Disposal Group Reorganisation



Information on OE Disposal Company

The OE Disposal Company was incorporated in the BVI on 8 June 1993. As at the Latest Practicable Date, the OE Disposal Company is a direct wholly-owned subsidiary of Oriental Explorer. The OE Disposal Group consists of the OE Disposal Company and a number of direct and indirect subsidiaries. As at the Latest Practicable Date, Yizhen is dormant and Oriental Explorer is underway to wind-up such company. The OE Disposal Company directly holds the OE Listed Securities and indirectly holds the OE Minority Interests through its subsidiaries. The OE Minority Interests Companies hold (directly or indirectly) interest in certain properties in Hong Kong and the PRC.

Principal activities

The principal activities of the OE Disposal Company are investment holding, trading of securities and (through members of the OE Disposal Group) property investment.

Financial information

The OE Disposal Group recorded net loss of approximately HK$88.80 million (both before and after taxation) for the year ended 31 December 2018 and net profit of approximately HK$39.19 million (both before and after taxation) for the year ended 31 December 2019. The unaudited net asset value of the OE Disposal Group as at 31 March 2020 was HK$929,389,776.

Information on OE Listed Securities

The OE Disposal Company directly holds the OE Listed Securities. Set out below is the major securities of the OE Listed Securities which are listed on the Stock Exchange:

Stock code on the Stock Exchange	**Company name**	**Principal business**	**Number of shares held as at 31 March 2020**	**Closing price of the shares as at 31 March 2020**	**Market value of the shares as at 31 March 2020**
			Approximate '000	*HK$*	*Approximate HK$'000*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	5,850	23.85	139,523
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB)	3,040	44.15	134,233

Stock code on the Stock Exchange	Company name	Principal business	Number of shares held as at 31 March 2020	Closing price of the shares as at 31 March 2020	Market value of the shares as at 31 March 2020
			Approximate '000	*HK$*	*Approximate HK$'000*
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index.	1,332	96.70	128,804
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	9,800	2.97	29,106
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas.	2,378	2.84	6,753
941	China Mobile Ltd.	Telecommunication and Services, a China based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	100	57.65	5,765
2628	China Life Insurance Co. Ltd.	Life insurance, a China based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	300	15.18	4,554
	Other listed securities#				2,192
	Aggregate value of the OE Listed Securities				450,930

\# Other listed securities mainly represented the OE Disposal Group's investment in 10 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the OE Disposal Group as at 31 March 2020.

Information on OE Minority Interests

As at the Latest Practicable Date,

(1) the OE Minority Interests Companies (i.e. Head Wonder, Call Rich, Rich Returns and Corncentre Investments) and their respective subsidiaries are principally engaged in property investment and own certain commercial and residential properties and serviced villas in Hong Kong and the PRC;

(2) Oriental Explorer indirectly holds (i) 5% in Head Wonder; (ii) 25.04% in Call Rich; (iii) 18% in Rich Returns; and (iv) 15.024% in Corncentre Investments;

(3) the Company indirectly holds (i) 60% in Head Wonder; (ii) 45% in Call Rich; (iii) 51% in Rich Returns; and (iv) 67% in Corncentre Investments, and the financial results of each of Head Wonder, Call Rich, Rich Returns and Corncentre Investments are consolidated into the financial statements of Multifield;

(4) the book value of the said properties attributable to the OE Disposal Group as at 31 March 2020 is HK$930,344,960 (around 17.22% of the total book value of HK$5,401,400,000 of the said properties as at 31 March 2020); and

(5) the major income derived from the said properties are rental income and sale proceeds from the disposal of the said properties.

REASONS FOR AND BENEFITS OF THE MULTIFIELD TRANSACTIONS

Before the Transactions, the Group is principally engaged in property development, property investment, provision of hotel-serviced apartments and villas and property management services, trading of securities and investment holding, whilst Oriental Explorer, through its group of companies (i.e. the OE Group) is principally engaged in property investment, trading of securities and investment holding. After Completion, apart from the other business as aforesaid, the Group will focus on the business of property development which involves purchase of land and developing properties for lease and/or sale. On the other hand, Oriental Explorer will focus on property investment which involves lease out or sell of properties and does not engage in property development. The OE Group will acquire properties from time to time for enhancing its investment properties portfolio when it thinks fit.

Multifield has commenced its property development business since the 1990's with the first property completed for sale and leasing in 1994 and thereafter continuously completed several developments for leasing with the most recent development completed in 2019 for leasing, now named M Place, at No. 54 Wong Chuk Hang Road, Hong Kong. Multifield has the capacity, ability and experience of acquiring land/property for development.

The transactions contemplated under the Master Agreement aim to achieve a reorganisation among the Group and the OE Group to achieve the following:

The Company

(1) To realise the capital investment of the Multifield Disposal Properties by converting the same into relatively liquid assets in form of the OE Listed Securities and hence strengthening the financial position and liquidity of the Group, and thereby enable the Group to focus in the area of property development when opportunities arises;

(2) To attain a better delineation of the assets, resources (both tangible and intangible) and business activities of the Group and the OE Group;

(3) To strengthen the Group's shareholding in the OE Minority Interests Companies and thereby

   (i) streamlining the decision-making process of the Group's business activities carried out by Corncentre Investments and Call Rich; and

   (ii) broadening the Group's share in the potential distribution by the OE Minority Interests Companies in the future.

OE Group

(1) To release resources previously locked up by the OE Minority Interests where the OE Group had limited influence due to its minority shareholding position and the financial results of the companies holding such minority interests were not consolidated into the results of Oriental Explorer. By selling the OE Minority Interests in exchange for income generating assets in the form of the Multifield Disposal Properties, the financial position of the OE Group will be enhanced with the steady income stream of rental income to be generated from renting out the Multifield Disposal Properties;

(2) To control the market risk associated with the holding of OE Listed Securities in view of the volatility in the stock market in recent times; and

(3) To remove securities trading as one of its principal businesses through the OE Disposal and at the same time further enhance the levels of operation of the OE Group and assets through the OE Acquisition. As such, Oriental Explorer is of the view that, subject to the Stock Exchange's assessment, the OE Group can carry out its business with both sufficient level of operations and assets of sufficient value to support its operation even when the proprietary trading and investment in securities business has been excluded, thereby aligning the OE Group's principal business in line with the revised requirements under the Listing Rules.

Upon Completion, the OE Disposal Company (which holds the OE Minority Interests and the OE Listed Securities) will cease to be a subsidiary of Oriental Explorer, but will become a subsidiary of Multifield; on the other hand, the Multifield Disposal Company (which holds the Multifield Disposal Properties through its subsidiaries) will become a subsidiary of Oriental Explorer and thus the Multifield Disposal Company will still be a subsidiary of Multifield (through its shareholdings in Oriental Explorer).

EXPECTED GAIN AND LOSS OF THE MULTIFIELD TRANSACTIONS

It is expected that there would be no gain and no loss arising from the Multifield Disposal since the Initial OE Consideration equals to the aggregate sum of the book value of the Multifield Disposal Share and Multifield Disposal Debts, except for the professional costs of approximately HK$1,710,000 directly attributable to the Multifield Transactions. The actual position on the Multifield Disposal can only be ascertained when the net asset value and incidental transaction costs are determined upon Completion.

The Directors intend to use the net proceeds from the Multifield Disposal for acquisition of land and/or redevelopment project in Hong Kong and will look for opportunities in this regard. The aforesaid intended application of proceeds is subject to global economy outlook and local market rules and regulations. As at the Latest Practicable Date, the Company has not yet identified any land and/or redevelopment project for acquisition.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Multifield Disposal exceeds 75%, the Multifield Disposal constitutes a very substantial disposal of Multifield. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Multifield Company Acquisition exceeds 25% but less than 100%, the Multifield Company Acquisition constitutes a major acquisition of Multifield under Chapter 14 of the Listing Rules. The allotment of OE Consideration Shares by Oriental Explorer to Multifield will result in Multifield's acquisition of additional interest in Oriental Explorer. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Multifield Share Acquisition exceeds 5% but less than 25%, the Multifield Share Acquisition constitutes a discloseable transaction of Multifield under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, since the Multifield Transactions involve both acquisition and disposal, it will be classified by reference to the larger of the two and subject to the reporting, disclosure and/or shareholder's approval requirement applicable to that classification. Therefore, the Multifield Acquisition constitutes very substantial transaction under Chapter 14 of the Listing Rules. Accordingly, the Multifield Transactions are subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Lau is a controlling shareholder of Multifield within the meaning of the Listing Rules and does not hold any interests in Oriental Explorer apart from the indirect interest held through Multifield. Mr. Lau Michael Kei Chi is a brother and thus an associate of Mr. Lau. Both Mr. Lau and Mr. Lau Michael Kei Chi shall abstain, and did abstain, from the board resolutions to approve the Multifield Transactions pursuant to the Bye-laws.

Save as disclosed above, none of the Directors was required to abstain from voting on the board resolution to approve the Multifield Transactions.

Mr. Lau, being a common director of Multifield and Oriental Explorer and have direct interest in Multifield and indirect interests in Oriental Explorer, is considered to have material interest in the Multifield Transactions. Therefore, Mr. Lau and his close associates will abstain from voting in respect of the resolution approving the Multifield Transactions in the SGM.

Save as disclosed above and to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholders have a material interest in the Multifield Transactions which requires them to abstain from voting in the resolution proposed to approve the Multifield Transactions.

SGM

The Company will hold the SGM at Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Thursday, 23 July 2020 at 4:00 p.m. at which resolution will be proposed for the purposes of considering and if thought fit, approving the Multifield Transactions. The notice of the SGM is set out on pages SGM-1 and SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed in this circular. Whether or not you are able to attend the SGM, please complete the accompanying form of proxy in accordance with the instructions printed on the form and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment of the SGM should you so desire.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from Monday, 20 July 2020 to Thursday, 23 July 2020 (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the SGM. No transfer of the Shares may be registered during the said period. In order to qualify to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 17 July 2020.

VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on the resolution at the SGM will be conducted by way of poll.

RECOMMENDATION

The Directors consider that the terms of the Master Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the Multifield Transactions are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Master Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Lau Chi Yung, Kenneth
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively, together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (https://www.irasia.com/listco/hk/multifield/):

- the annual report of the Company for the year ended 31 December 2017 published on 19 April 2018 (pages 30 to 99) at https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0419/ltn20180419910.pdf;

- the annual report of the Company for the year ended 31 December 2018 published on 17 April 2019 (pages 30 to 111) at https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417473.pdf; and

- the annual report of the Company for the year ended 31 December 2019 published on 20 April 2020 (pages 32 to 109) at https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000822.pdf.

2. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business of 30 April 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

Amount due to a director

Amount due to a director of approximately HK$102.3 million, which is unsecured, interest free and has no fixed terms of repayment.

Secured bank borrowings

As at 30 April 2020, the Enlarged Group's bank borrowings amounted to HK$1,332 million, which were secured by:

(i) mortgages over the Enlarged Group's certain investment properties situated in Hong Kong and Mainland China, which had an aggregate carrying value as at 30 April 2020 of approximately HK$5,447.1 million;

(ii) personal guarantees given by a director of the Company and Oriental Explorer; and

(iii) the Company has guaranteed certain of the Enlarged Group's bank loans up to HK$1,412 million as at 30 April 2020.

Commitments and contingent liabilities

As at 30 April 2020, the Enlarged Group had committed payment for the construction and land development expenditure amounting to approximately HK$43 million.

As at 30 April 2020, the Enlarged Group had no material contingent liability.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business of the Enlarged Group, as at 30 April 2020, the Enlarged Group did not have any other outstanding mortgages, charges, debentures, loan capital issued or agreed to be issued, bank loans and overdrafts, debt securities issued and outstanding, and authorised or otherwise created but unissued or other similar indebtedness, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, liabilities under acceptance (other than normal trade bills) or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

As at the Latest Practicable Date, after due enquiry and taking into account the effect of the Transactions, the internal resources of the Enlarged Group and the banking facilities available to the Enlarged Group, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirement, that is for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Upon Completion, the principle activities of the Enlarged Group will be (i) property development, (ii) provision of hotel-serviced apartments and villas and related property management services, (iii) property investment, and (iv) trading of securities and investment holding.

The global outbreak of COVID-19 disease pandemic since early 2020 causes severe impact on the worldwide and local economy and financial markets which in turn affects the businesses of the Enlarged Group with varying degree. From the beginning of 2020 to the Latest Practicable Date, trading of securities business had suffered the most from the pandemic; while the provision of hotel-serviced apartments and villas and related property management services and property investment had also experienced a decline, such decline was relatively moderate. The Board will continue to evaluate the market situation in short to medium to long term, and will take necessary measures in a timely manner to reduce risks faced by the Enlarged Group. Such measures include adopting a prudent financial management strategy and maintaining a low gearing ratio as well as a sound financial position under the current harsh economic environment.

The Enlarged Group has land reserve in Zhuhai, Guangdong Province, PRC and Sepang District, Selangor, Malaysia respectively, which are available for development by the Enlarged Group in due course. On the other hand, as disclosed in this circular, the Enlarged Group intends to use the proceeds from the Transactions for acquisition of land for development and/or investment in redevelopment projects, subject to global economy outlook. The Board believes that focusing on property development in future will maximise Shareholders' value, and thus will continue to actively look for investment opportunities in this regard.

The following is the text of a report set out on pages II-1 to II-2, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP TO THE DIRECTORS OF MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

Introduction

We report on the historical financial information of Linkful Strategic Investment Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-3 to II-52, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2017, 2018 and 2019, the statements of financial position of the Target Company as at 31 December 2017, 2018 and 2019, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2017, 2018 and 2019 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-52 forms an integral part of this report, which has been prepared for inclusion in the circular of Multifield International Holdings Limited (the "**Company**") dated 30 June 2020 (the "**Circular**") in connection with the proposed acquisition of the entire equity interest in the Target Company and the proposed disposal of the Company's entire equity interest in Reach Profit Investments Limited (the "**Disposal Company**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 and Note 2 of Section II to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the previously issued financial statements and management accounts of the Target Group for the Track Record Period. The directors of the Target Company are responsible for the preparation of the previously issued financial statements and management accounts of the Target Group that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are 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 give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 and Note 2 of Section II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2017, 2018 and 2019, of the Target Company's financial position as at 31 December 2017, 2018 and 2019 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 and Note 2 of Section II to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong
30 June 2020

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in HK dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Consolidated statements of profit or loss

		Year ended 31 December		
		2017	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	5	188,240	(83,880)	43,769
Other income and gains	5	133	60	23
Operating and administrative expenses		(1,713)	(1,681)	(1,590)
Finance costs	8	(2,600)	(3,293)	(3,016)
Share of losses of an associate		(49)	(1)	(1)
Profit/(loss) before tax	6	184,011	(88,795)	39,185
Income tax expense	9	–	–	–
Profit/(loss) for the year attributable to owners of the Target Company		184,011	(88,795)	39,185

Consolidated statements of comprehensive income

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) for the year	184,011	(88,795)	39,185
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value	11,324	–	–
Exchange differences on translation of foreign operations	7	(5)	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	11,331	(5)	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value	–	49,999	13,816
Other comprehensive income for the year	11,331	49,994	13,816
Total comprehensive income/(expense) for the year attributable to owners of the Target Company	195,342	(38,801)	53,001

Consolidated statements of financial position

		As at 31 December		
		2017	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	12	–	–	–
Right-of-use assets	13(b)	–	–	366
Prepaid land lease payments	13(a)	383	375	–
Investment in an associate	14	2,068	2,067	2,066
Equity investments at fair value through other comprehensive income	15	–	692,212	706,028
Available-for-sale investments	16	170,030	–	–
Total non-current assets		172,481	694,654	708,460
Current assets				
Prepayments		24	–	–
Equity investments at fair value through profit or loss	17	725,001	607,426	561,120
Amount due from a fellow subsidiary	18	41,303	93,458	95,130
Pledged deposits	19	74	–	–
Cash and cash equivalents	19	516	457	30
Total current assets		766,918	701,341	656,280
TOTAL ASSETS		939,399	1,395,995	1,364,740
Current liabilities				
Other payables and accruals		64	145	51
Amount due to immediate holding company	20	147,094	147,514	147,934
Amounts due to fellow subsidiaries	20	17,993	17,993	17,993
Other borrowings	21	353,277	375,990	291,408
Tax payable		1,324	1,324	1,324
Total current liabilities		519,752	542,966	458,710
NET CURRENT ASSETS		247,166	158,375	197,570
TOTAL ASSETS LESS CURRENT LIABILITIES		419,647	853,029	906,030
Net assets		419,647	853,029	906,030
EQUITY				
Equity attributable to owners of the Target Company				
Issued capital	22	–	–	–
Reserves		419,647	853,029	906,030
Total equity		419,647	853,029	906,030

Statement of financial position

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Investments in subsidiaries	1	1	1
Total non-current assets	1	1	1
Current assets			
Equity investments at fair value through profit or loss	725,001	607,426	561,120
Amounts due from fellow subsidiaries	–	45,089	46,786
Pledged deposits	74	–	–
Cash and cash equivalents	425	457	30
Total current assets	725,500	652,972	607,936
TOTAL ASSETS	725,501	652,973	607,937
Current liabilities			
Other payables and accruals	51	132	39
Amount due to intermediate holding company	147,094	147,514	147,934
Amounts due to fellow subsidiaries	25,069	17,968	17,968
Other bank borrowings	353,277	375,990	291,408
Tax payable	212	212	212
Total current liabilities	525,703	541,816	457,561
NET CURRENT ASSETS	199,797	111,156	150,375
TOTAL ASSETS LESS CURRENT LIABILITIES	199,798	111,157	150,376
Net assets	199,798	111,157	150,376
EQUITY			
Equity attributable to owners of the Target Company			
Issued capital	–	–	–
Reserves	199,798	111,157	150,376
Total equity	199,798	111,157	150,376

Consolidated statements of changes in equity

	Issued capital *HK$'000* *(Note 22)*	Available-for-sale investment revaluation/ Fair value reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2017	–	–	(582)	224,887	224,305
Profit for the year	–	–	–	184,011	184,011
Other comprehensive income for the year:					
Change in fair value of available-for-sale investments	–	11,324	–	–	11,324
Exchange differences on translation of foreign operations	–	–	7	–	7
Total comprehensive income for the year	–	11,324	7	184,011	195,342
At 31 December 2017	–	11,324	(575)	408,898	419,647
At 31 December 2017	–	11,324	(575)	408,898	419,647
Effect of adoption of HKFRS 9	–	462,176	–	10,007	472,183
At 1 January 2018 (restated)	–	473,500	(575)	418,905	891,830
Loss for the year	–	–	–	(88,795)	(88,795)
Other comprehensive income for the year:					
Change in fair value of equity investments at fair value through other comprehensive income	–	49,999	–	–	49,999
Exchange differences on translation of foreign operations	–	–	(5)	–	(5)
Total comprehensive income/(expense) for the year	–	49,999	(5)	(88,795)	(38,801)
At 31 December 2018	–	523,499	(580)	330,110	853,029
At 1 January 2019	–	523,499	(580)	330,110	853,029
Profit for the year	–	–	–	39,185	39,185
Other comprehensive income for the year:					
Change in fair value of equity investments at fair value through other comprehensive income	–	13,816	–	–	13,816
Total comprehensive income for the year	–	13,816	–	39,185	53,001
At 31 December 2019	–	537,315	(580)	369,295	906,030

Consolidated statements of cash flows

		Year ended 31 December		
		2017	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		184,011	(88,795)	39,185
Adjustments for:				
Finance costs		2,600	3,293	3,016
Share of losses of an associate		49	1	1
Dividend income from listed investments		(26,108)	(27,017)	(26,494)
Depreciation of right-of-use assets		–	–	9
Amortisation of prepaid land lease payments		8	8	–
Fair value (gains)/losses on equity investments at fair value through profit or loss, net		(162,132)	110,897	(17,275)
		(1,572)	(1,613)	(1,558)
(Increase)/Decrease in prepayments		(24)	24	–
Decrease in equity investments at fair value through profit or loss		49,266	6,678	63,581
Decrease in balances with fellow subsidiaries		(59,051)	(52,155)	(1,672)
Increase in amount due to immediate holding company		421	420	420
Cash (used in)/generated from operations		(10,960)	(46,646)	60,771
Dividends received from listed investments		26,108	27,017	26,494
Net cash flows from/(used in) operating activities		15,148	(19,629)	87,265
CASH FLOWS FROM INVESTING ACTIVITIES				
(Decrease)/Increase in pledged deposits		(5)	74	–
Net cash flows (used in)/from investing activities		(5)	74	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Net change in short-term revolving loans	23	(12,368)	22,713	(84,582)
Interest paid		(2,576)	(3,212)	(3,110)
Net cash flows (used in)/from financing activities		(14,944)	19,501	(87,692)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		199	(54)	(427)
Cash and cash equivalents at beginning of year		310	516	457
Effect of foreign exchange rate changes, net		7	(5)	–
Cash and cash equivalents at end of year	19	516	457	30

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Target Company was incorporated in the British Virgin Islands on 8 June 1993 with limited liability. The immediate holding company is Oriental Explorer Holdings Limited, which is incorporated in the Bermuda. The ultimate holding company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Lau Chi Yung, Kenneth of the Company, who is the director of the Target Company.

The addresses of the registered office and the principal place of business of the Target Company are at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, respectively. The Target Company is an investment holding company. The principal activities of its subsidiaries are investment holding.

Pursuant to the master agreement entered into between the Company and Oriental Explorer Holdings Limited ("**Oriental Explorer**") dated 11 June 2020, the Company shall acquire and Oriental Explorer shall dispose the entire equity interest in Linkful Strategic Investment Limited (the "**Target Company**") and its subsidiaries excluding Linkful (Holdings) Limited (the direct holding company of Linkful Properties Company Limited), which was wholly-owned by the Target Company and Linkful Properties Company Limited (the "**Excluding Companies**") but including the 5% interest in Head Wonder International Limited which is currently owned by Linkful Properties Company Limited (the "**5% Minority Interest**") (the "**Proposed Acquisition**"). As a condition precedent to the completion of the Proposed Disposal, the Target Company will, prior to completion of the Proposed Acquisition, undergo an internal group restructuring to dispose of its entire issued share capital in the Excluded Companies to a wholly owned subsidiary of Oriental Explorer; and on the other hand, the Target Company will acquire the 5% Minority Interest (the "**Target Group Reorganisation**"). The Target Company and all of its subsidiaries (including the Excluding Companies) are referred hereafter as the ("**Target Group**").

As at the date of this report, the Target Group Reorganisation is not completed and the Company expects Oriental Explorer to complete the Target Group Reorganisation before the completion of the Proposed Acquisition.

As of the date of this report, the Target Company has the direct and indirect interest in the following wholly-owned subsidiaries:

Information about subsidiaries

Particulars of the Target Company's principal subsidiaries are as follows:

Name	**Place and date of incorporation/ registration and business**	**Nominal value of issued ordinary/ registered share capital**	**Percentage of equity interest attributable to the Target Company**		**Principal activities**	*Notes*
			Direct	**Indirect**		
			%	%		
Linkful (Holdings) Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$20,000,000	100	–	Investment holding	1
Linkful Properties Company Limited	Hong Kong	HK$2	–	100	Investment holding	1
Snowdon Worldwide Limited	British Virgin Islands	US$1	100	–	Investment holding	2

Note 1: The statutory financial statements of these entities for the years ended 31 December 2017, 2018 and 2019, which were prepared in accordance with HKFRSs issued by the HKICPA, were audited by us in accordance with HKSAs issued by the HKICPA.

Note 2: No audited statutory financial statements have been prepared for Snowdon Worldwide Limited since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

All companies now comprising the Target Group have adopted 31 December as their financial year end date.

2 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of presentation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the HKFRSs issued by the HKICPA are set out below. The Historical Financial Information set out in this report has been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the Historical Financial Information in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Target Company. 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 4 below.

HKFRS 9 "Financial Instruments"

Since 1 January 2018, the Target Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Target Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "*Financial Instruments: Recognition and Measurement*".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investments	**Equity investments at fair value through other comprehensive income**	**Available-for-sale investments revaluation/Fair value reserve**	**Retained profits**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39	170,030	–	11,324	408,898
Effect arising from initial application of HKFRS 9:				
Reclassification of financial assets from available-for-sale investments to equity investments at fair value through other comprehensive income	(170,030)	170,030	–	–
Reversal of impairment losses under HKAS 39 for equity investments at fair value through other comprehensive income previously classified as available-for-sale investments	–	–	(10,007)	10,007
Remeasurement of equity investments at fair value through other comprehensive income previously measured at cost under HKAS 39	–	472,183	472,183	–
Opening balance at 1 January 2018	–	642,213	473,500	418,905

(a) From AFS equity investments to fair value through other comprehensive income ("FVTOCI")

The Target Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately HK$170,030,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which approximately HK$38,960,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value gains of approximately HK$472,183,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018. The fair value gains of approximately HK$11,324,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve. In addition, impairment losses previously recognised of approximately HK$10,007,000 were transferred from retained profits to FVTOCI reserve as at 1 January 2018.

(b) Impairment under ECL model

As at 1 January 2018, the management of the Target Group reviewed and assessed the Target Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

The Target Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. Trade receivables have been assessed individually.

ECL for other financial assets at amortised cost, including pledged bank deposits, bank balances and amounts due from fellow subsidiaries, are assessed on 12-month ECL ("**12 month ECL**") basis as there had been no significant increase in credit risk since initial recognition.

The directors considered that the measurement of ECL has no material impact to the Target Group's retained profits at 1 January 2018.

HKFRS 15 "Revenue from Contracts with Customers"

Since 1 January 2018, the Target Group has applied HKFRS 15. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 "*Construction Contracts and the related interpretations*".

The Target Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Target Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

Information about the Target Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 3.

The application on HKFRS 15 has no material impact on the timing and amounts of revenue recognised in the year ended 31 December 2018 and retained profits at 1 January 2018.

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Target Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Adjustment**	**Carrying amounts under HKFRS 9 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Equity investments at FVTOCI	–	642,213	642,213
Available-for-sale investments	170,030	(170,030)	–
Equity			
Available-for-sale investments revaluation/Fair value reserve	11,324	462,176	473,500
Retained profits	408,898	10,007	418,905

Note:

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

HKFRS 16 "Leases"

The Target Group has applied HKFRS 16 "*Leases*" on 1 January 2019. HKFRS 16 superseded HKAS 17 "*Leases*" and the related interpretation.

The Target Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 "*Determining whether an Arrangement contains a Lease*" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Target Group has not reassessed contracts which already existed prior to the date of initial application.

Details of these new requirements are described in Note 3.

As a lessee

The Target Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening retained profits and comparative information has not been restated.

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets *HK$'000*
Reclassified from prepaid land lease payments *(Note)*	375

Note:

Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the non-current portion of prepaid lease payments amounting to approximately HK$375,000 were reclassified to right-of-use assets and are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	**Adjustment** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 January 2019** *HK$'000*
Non-current assets			
Prepaid land lease payments	375	(375)	–
Right-of-use assets	–	375	375

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

Issued but not yet effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 3	*Definition of a Business*[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
4 No mandatory effective date yet determined but available for adoption

The directors of the Target Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for the years ended 31 December 2017, 2018 and 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

Investments in associates

An associate is an entity in which the Target Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Target Group's investment in an associate is stated in the consolidated statement of financial position at the Target Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Target Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Target Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% or over the lease terms, if shorter

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases (applicable from 1 January 2019)

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Group as a lessee

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms

If ownership of the leased asset transfers to the Target Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for termination of a lease, if the lease term reflects the Target Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Target Group as a lessor

When the Target Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Target Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Leases (applicable before 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessor, assets leased by the Target Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Target Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group 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 marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Target Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Target Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably, except when the Target Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Target Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group 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 marketplace.

The Target Group's financial assets include cash and bank balances, amount due from a fellow subsidiary, and quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as OCI in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as revenue in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Target Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Target Group is unable to trade these financial assets due to inactive markets, the Target Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for foreseeable futures or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 January 2018 and policies under HKAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)

The Target Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Target Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from OCI and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in OCI.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Target Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include other payables and accruals, amount due to immediate holdings company, amounts due to fellow subsidiaries, and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss (policies under HKFRS 9 applicable from 1 January 2018)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Target Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Target Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at fair value through profit or loss (policies under HKAS 39 applicable before 1 January 2018)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Target Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis.

Cash and cash equivalents

For the purpose of the consolidated statement 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 amounts of cash, 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.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. When the contract contains a financing component which provides the Target Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from other sources

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(a) dividend income, when the shareholders' right to receive payment has been established;

(b) income from the sale of debt investments on the trade date;

(c) realised fair value gains or losses on securities trading on a trade date basis, whilst unrealised fair value gains or losses, on change in fair value at the end of the reporting period; and

(d) fair value gains or losses on derivative financial instruments, on change in fair value at the end of the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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 measured. 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 OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Target Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Target Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollar at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of OCI 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 dollar at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

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

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

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

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

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

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

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 entity.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements used in preparing the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimation uncertainty

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

Fair values of financial instruments

Financial instruments such as equity instruments are carried at the statement of financial position at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Target Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results.

Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be recognised. The outcome of their actual recognition may be different.

5 REVENUE AND SEGMENT INFORMATION

Revenue and other income and gains recognised during the Track Record Period are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	162,132	(110,897)	17,275
Dividend income from listed investments	26,108	27,017	26,494
	188,240	(83,880)	43,769
Other income and gains			
Others	133	60	23

Segment information

The chief operating decision-maker has been identified as the executive directors of the Target Company. The executive directors regards the Target Group's business as a single operating segment and reviews Historical Financial Information accordingly. Also, the Target Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Information about major customers

Revenue from sales to external customers are all generated from Hong Kong. No single external customer accounted for 10% or more of the total revenue for the years ended 31 December 2017, 2018 and 2019.

6 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of right-of-use assets	–	–	9
Amortisation of prepaid land lease payments	8	8	–
Auditors' remuneration – audit service	–	–	–
Employee benefit expense (including directors' emoluments *(Note 7)*)			
Salaries, wages and other benefits	–	–	–
Pension scheme contribution (defined contribution scheme) *(Note)*	–	–	–
Total staff costs	–	–	–

Note:

At 31 December 2017, 2018 and 2019, the Target Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

7 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

Details of the Target Company's directors' remuneration for the Track Record Period are as follows:

	Fee	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2017					
Executive directors					
Mr. Lau Chi Yung, Kenneth	–	–	–	–	–
Mr. Lau Michael Chi Kei	–	–	–	–	–
	–	–	–	–	–
Year ended 31 December 2018					
Executive directors					
Mr. Lau Chi Yung, Kenneth	–	–	–	–	–
Mr. Lau Michael Chi Kei	–	–	–	–	–
	–	–	–	–	–
Year ended 31 December 2019					
Executive directors					
Mr. Lau Chi Yung, Kenneth	–	–	–	–	–
Mr. Lau Michael Chi Kei	–	–	–	–	–
	–	–	–	–	–

The directors of the Target Company are also directors of the intermediate holding companies and received their emoluments from intermediate holding company for the years ended 31 December 2017, 2018 and 2019.

During the Track Record Period, no emoluments were paid by the Target Group to the directors as an inducement to join or upon joining the Target Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Track Record Period.

(b) Five highest paid individuals

During the Track Record Period, no emoluments were paid by the Target Group to the five highest paid individuals as (i) an inducement to join or upon joining the Target Group or (ii) as compensation for loss of office as a director or management of any members of the Target Group.

8 FINANCE COSTS

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Interest on other loans	2,600	3,293	3,016

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the Track Record Period.

No provision for Hong Kong profits tax been made for the years ended 31 December 2017, 2018 and 2019 as the Target Group did not generate any assessable profits arising in Hong Kong.

The taxation on the Target Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before tax	184,011	(88,795)	39,185
Tax at the Hong Kong profits tax rate	30,362	(14,651)	6,465
Losses attributable to an associate	8	–	–
Income not subject to tax	(31,082)	(4,467)	(7,221)
Expenses not deductible for tax	712	25	2
Tax losses not recognised	–	19,093	754
Tax charge for the year	–	–	–

10 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

11 DIVIDENDS

During the Track Record Period, no dividend was paid or declared by the Target Company.

12 PROPERTY, PLANT AND EQUIPMENT

	Building
	HK$'000
31 December 2017, 2018 and 2019	
At 1 January 2017, 31 December 2017, 1 January 2018, 31 December 2018 and 1 January 2019 and 31 December 2019:	
Cost	746
Accumulated depreciation	(746)
Net carrying amount	–

13 LEASES

The Target Group as a lessee

(a) Prepaid land lease payments (before 1 January 2019)

	HK$'000
Carrying amount at 1 January 2017	391
Recognised in profit or loss during the year	(8)
Carrying amount at 31 December 2017	383
Carrying amount at 1 January 2018	383
Recognised in profit or loss during the year	(8)
Carrying amount at 31 December 2018	375

(b) Right-of-use assets

The carrying amounts of the Target Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments
	HK$'000
As at 1 January 2019	375
Depreciation charge	(9)
As at 31 December 2019	366

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2019
	HK$'000
Depreciation charge of right-of-use assets	9

14 INVESTMENT IN AN ASSOCIATE

		As at 31 December	
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Share of net assets	2,068	2,067	2,066

Particulars of the Target Group's associate are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Target Group** %	**Principal activities**
Call Rich Investments Limited ("**Call Rich**")	12,520 ordinary shares of US$1 each	British Virgin Islands	25.04	Investment holding

The Target Group's shareholdings in the associate's equity shares are indirectly held by the Target Company through wholly-owned subsidiary.

The Target Group's associate is accounted for using the equity method in the Historical Financial Information.

The following table illustrates the summarised financial information of the Target Group's associate extracted from their financial statements:

		As at 31 December	
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Current assets	9,676	9,668	9,660
Non-current assets	–	–	–
Current liabilities	(499)	(499)	(499)
Non-current liabilities	–	–	–
Non-controlling interests	(918)	(915)	(912)
Net assets	8,259	8,254	8,249
Reconciliation to the Target Group's interest in the associate:			
Target Group's share of net assets of the associate	25.04%	25.04%	25.04%
Carrying amount of the investment	2,068	2,067	2,066

	For the year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Revenues	–	–	–
Loss for the year	(197)	(5)	(5)
Other comprehensive expenses for the year	–	–	–
Total comprehensive expense for the year	(197)	(5)	(5)
Dividend received	–	–	–

15 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2018	**2019**
	HK$'000	*HK$'000*
Equity investments at fair value through other comprehensive income		
Unlisted equity investment, at fair value	692,212	706,028

The above unlisted equity investments represent the Target Group's equity interests in private entities established in the British Virgin Islands. The directors of the Target Company have elected to designate these investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**") as they believe that These investments are not held for trading and not expected to be sold in the foreseeable future.

In the opinion of the directors, fair value hierarchy of the equity instruments as at FVTOCI is at Level 3 at 31 December 2018 and 2019. Details of disclosure for fair value measurement set out in Note 26.

16 AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December 2017
	HK$'000
Available-for-sale investments	
Unlisted equity investments, at cost *(Note a)*	60,556
Impairment	(21,596)
	38,960
Unlisted equity investment, at fair value *(Note b)*	131,070
	170,030

Notes:

(a) The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the British Virgin Islands. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) In the opinion of the directors, fair value hierarchy of the available-for-sale investment is at Level 3 at 31 December 2017. Details of disclosure for fair value measurement set out in Note 26.

17 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Listed equity investments, at fair value	725,001	607,426	561,120

The above equity investments were classified as equity investments at fair value through profit or loss as they were held for trading.

At 31 December 2017, 2018 and 2019, certain of the Target Group's listed equity investments with a carrying amount of approximately HK$724,664,000, HK$607,207,000 and HK$560,812,000, respectively, were pledged to secure the Target Group's other loans, as further detailed in Note 21.

18 AMOUNT DUE FROM A FELLOW SUBSIDIARY

Name of related companies	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Linkful Management Services Limited	41,303	93,458	95,130

The amount due was non-trade in nature, unsecured, non-interest bearing and had no fixed terms of repayment, except for approximately HK$1,170,000, HK$1,170,000 and HK$1,170,000 as at 31 December 2017, 2018 and 2019, respectively, included in amount due from Linkful Management Services Limited was arising from business management fee.

19 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Cash and bank balances	516	457	30
Less: Pledged deposits	74	–	–
Cash and cash equivalents	590	457	30

Cash at banks earns interest at floating rates based on daily bank deposits rates.

Details of impairment assessment of bank balances for the years ended 31 December 2018 and 2019 are set out in Note 27.

20 AMOUNTS DUE TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY

The amounts due were non-trade in nature, unsecured, non-interest bearing and had no fixed terms of repayment.

21 OTHER BORROWINGS

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Secured short term loans denominated in Hong Kong dollar	353,277	375,990	291,408

The scheduled principal repayment dates of the Target Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Analysed into:			
Other borrowings repayable within one year	353,277	375,990	291,408

At 31 December 2017, 2018 and 2019, the Target Group's other loans with investment banks are secured by certain cash deposits and investments with an aggregate carrying value of approximately HK$724,738,000, HK$607,207,000 and HK$560,812,000, respectively, and revolving on a weekly basis.

The interest rates per annum of borrowings are as follows:

	As at 31 December		
	2017	**2018**	**2019**
Other borrowings	1.75%	3.22%	4.86%

22 ISSUED CAPITAL

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Authorised:			
1 ordinary share of US$1 each	–	–	–
Issued and fully paid:			
1 ordinary share of US$1 each	–	–	–

23 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	As at 1 January 2017 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	As at 31 December 2017 HK$'000
Other borrowings	365,645	(12,368)	–	353,277

	As at 1 January 2018 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	As at 31 December 2018 HK$'000
Other borrowings	353,277	22,713	–	375,990

	As at 1 January 2019 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	As at 31 December 2019 HK$'000
Other borrowings	375,990	(84,582)	–	291,408

24 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) During the Track Record Period, the Target Group entered into the following transactions with related parties:

Name of related party	Relationship	Nature of transactions	Year ended 31 December 2017 HK$'000	2018 HK$'000	2019 HK$'000
Linkful Management Services Limited	Fellow subsidiary	Business management fee	1,170	1,170	1,170

(b) Related party balances

Details of the outstanding balances with related parties are disclosed in Notes 18 and 20.

(c) The emoluments of the directors and senior executives (representing the key management personnel) during the Track Record Period are disclosed in Note 7.

25 FINANCIAL INSTRUMENTS BY CATEGORY

2017

Financial assets

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments	–	170,030	–	170,030
Equity investments at fair value through profit or loss	725,001	–	–	725,001
Amount due from a fellow subsidiary	–	–	41,303	41,303
Pledged deposits	–	–	74	74
Cash and cash equivalents	–	–	516	516
	725,001	170,030	41,893	936,924

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in other payables and accruals	50
Amount due to immediate holding company	147,094
Amounts due to fellow subsidiaries	17,993
Other borrowings	353,277
	518,414

2018

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at fair value through other comprehensive income – equity investment**	**Financial assets at amortised cost**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments at FVTOCI	–	692,212	–	692,212
Equity investments at fair value through profit or loss	607,426	–	–	607,426
Amount due from a fellow subsidiary	–	–	93,458	93,458
Cash and cash equivalents	–	–	457	457
	607,426	692,212	93,915	1,393,553

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in other payables and accruals	132
Amount due to immediate holding company	147,514
Amounts due to fellow subsidiaries	17,993
Other borrowings	375,990
	541,629

2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – equity investment	Financial assets at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity investments at FVTOCI	–	706,028	–	706,028
Equity investments at fair value through profit or loss	561,120	–	–	561,120
Amount due from a fellow subsidiary	–	–	95,130	95,130
Cash and cash equivalents	–	–	30	30
	561,120	706,028	95,160	1,362,308

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in other payables and accruals	38
Amount due to immediate holding company	147,934
Amounts due to fellow subsidiaries	17,993
Other borrowings	291,408
	457,373

26 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, pledged deposits, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals and other borrowings are not materially different from their carrying amounts because of the immediate or the short term maturities of these instruments.

As detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	2017	**2018**	**2019**	**Fair value hierarchy**	**Valuation technique(s) and key inputs**	**Significant unobservable**	**Value of inputs**
	HK$'000	*HK$'000*	*HK$'000*				
Assets							
Equity investments at fair value through profit or loss	725,001	607,426	561,120	Level 1	Quoted bid prices in an active market.	N/A	N/A
Equity investments at FVTOCI (2017: Available-for-sales investments)	131,070	692,212	706,028	Level 3	Net asset value of such unlisted equity investment with an adjustment of discount for lack of marketability under the asset approach. *(Note)*	Discount rate for lack of marketability	16.11%

Note:

The directors of the Target Company considered that the relationship of unobservable inputs to the fair value of such investments is in negative relationship that the higher the discount rate adopted in the valuation assessment, the lower the fair value would be resulted.

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2017				
Available-for-sale investments:				
Unlisted equity investments	–	–	131,070	131,070
Equity investments at fair value through profit or loss	725,001	–	–	725,001
	725,001	–	131,070	856,071

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2018				
Equity investments at FVTOCI	–	–	692,212	692,212
Equity investments at fair value through profit or loss	607,426	–	–	607,426
	607,426	–	692,212	1,299,638
At 31 December 2019				
Equity investments at FVTOCI	–	–	706,028	706,028
Equity investments at fair value through profit or loss	561,120	–	–	561,120
	561,120	–	706,028	1,267,148

The Target Group did not have any financial liabilities measured at fair value at 31 December 2017, 2018 and 2019.

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The movements in fair value measurements within Level 3 during the year are as follows:

	HK$'000
Equity investments at fair value through other comprehensive income	
– unlisted:	
At 1 January 2017	119,746
Total gains recognised in other comprehensive income	11,324
At 31 December 2017 and 1 January 2018	131,070
Effect of adoption of HKFRS 9	511,143
At 1 January 2018 (restated)	642,213
Total gains recognised in other comprehensive income	49,999
At 31 December 2018 and 1 January 2019	692,212
Total gains recognised in other comprehensive income	13,816
At 31 December 2019	706,028

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise other interest-bearing loans, equity investments at FVOCI (2017: available-for-sales investments), equity investments at fair value through profit or loss, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's other borrowings with floating interest rates.

The Target Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Target Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on floating rate borrowings) and the Target Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2017			
Hong Kong dollar	50	(24)	–
Hong Kong dollar	(50)	24	–
2018			
Hong Kong dollar	50	(24)	–
Hong Kong dollar	(50)	24	–
2019			
Hong Kong dollar	50	(53)	–
Hong Kong dollar	(50)	53	–

* Excluding retained profits

Foreign currency risk

The Target Group's exposure to market risk for change in foreign currency exchange rates relates primarily to certain investments and certain cash and cash equivalents in currencies other than the functional currency of Hong Kong dollar.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar ("**USD**") exchange rates, with all other variables held constant, of the Target Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Target Group's equity.

	Increase/ (decrease) in USD rate	**Increase/ (decrease) in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2017			
If Hong Kong dollar weakens against USD	(5)	107	–
If Hong Kong dollar strengthens against USD	5	(107)	–
2018			
If Hong Kong dollar weakens against USD	(5)	125	–
If Hong Kong dollar strengthens against USD	5	(125)	–
2019			
If Hong Kong dollar weakens against USD	(5)	–	–
If Hong Kong dollar strengthens against USD	5	(–)	–

* Excluding retained profits

Credit risk

As at 31 December 2017, 2018 and 2019, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Short-term bank deposits/bank balances

The credit risk on short-term bank deposit and bank balances are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Target Group has no other significant concentration of credit risk.

The Target Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

Category	Definition of category	Basis for recognition of ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Liquidity risk

In the management of its 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 effect of fluctuations in cash flows. The management monitors the utilisation of other borrowings and ensures compliance with relevant covenants.

The following table details the Target Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay.

	2017				
	On demand and less than 3 months	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other borrowings	353,304	–	–	–	353,304
Other payables and accruals	50	–	–	–	50
Amount due to immediate holding company	147,094	–	–	–	147,094
Amounts due to fellow subsidiaries	17,993	–	–	–	17,993
	518,441	–	–	–	518,441

	2018				
	On demand and less than 3 months	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other borrowings	376,090	–	–	–	376,090
Other payables and accruals	132	–	–	–	132
Amount due to immediate holding company	147,514	–	–	–	147,514
Amounts due to fellow subsidiaries	17,993	–	–	–	17,993
	541,729	–	–	–	541,729

	2019				
	On demand and less than 3 months	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other borrowings	291,447	–	–	–	291,447
Other payables and accruals	38	–	–	–	38
Amount due to immediate holding company	147,934	–	–	–	147,934
Amounts due to fellow subsidiaries	17,993	–	–	–	17,993
	457,412	–	–	–	457,412

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Target Group is exposed to equity price risk arising from listed equity securities classified as equity investments at fair value through profit or loss (Note 17) as at 31 December 2017, 2018 and 2019. The Target Group's listed investments are mainly listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the Track Record Period were as follows:

	31 December 2017	High/low 2017	31 December 2018	High/low 2018	31 December 2019	High/low 2019
Hong Kong						
– Hang Seng Index	29,919	30,004/22,135	25,845	33,154/24,585	28,189	30,157/25,064

The following table demonstrates the sensitivity to every 10% change in the fair values of the listed and unlisted equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments at FVTOCI, the impact is deemed to be on the fair value reserve.

	Carrying amount of equity investments	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	HK$'000	*HK$'000*	*HK$'000*
2017			
Investments listed in Hong Kong and overseas			
– Held for trading	725,001	72,500/ (72,500)	–
Unlisted investments at fair value			
– Available-for-sale investments	131,070	–	13,107/ (13,107)
2018			
Investments listed in Hong Kong and overseas			
– Held for trading	607,426	60,742/ (60,742)	–
Unlisted investments at fair value			
– Equity investments at FVTOCI	692,212	–	69,221/ (69,212)
2019			
Investments listed in Hong Kong and overseas			
– Held for trading	561,120	56,112/ (56,112)	–
Unlisted investments at fair value			
– Equity investments at FVTOCI	706,028	–	70,603/ (70,603)

* Excluding retained profits

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017, 2018 and 2019.

The Target Group monitors capital using a debt-to-equity ratio, which is other borrowings divided by the shareholders' equity. The debt-to-equity ratios at the end of the reporting periods were as follows:

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Other borrowings	353,277	375,990	291,408
Equity attributable to owners of the Target Company	419,647	853,029	906,030
Debt-to-equity ratio	84.18%	44.08%	32.16%

28 FINANCIAL INFORMATION OF EXCLUDED COMPANIES

The consolidated statements of profit or loss and statements of comprehensive income of the Excluded Companies for the Track Record Period are as following:

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	–	–
Operating and administrative expenses	(110)	(146)	(27)
Loss before tax	(110)	(146)	(27)
Income tax expense	–	–	–
Loss for the year	(110)	(146)	(27)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	7	(5)	–
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods	7	(5)	–
Other comprehensive income/(expense) for the year	7	(5)	–
Total comprehensive expense for the year	(103)	(151)	(27)

The consolidated statements of financial position of the Excluded Companies for the Track Record Period are as following:

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	–	–	–
Prepaid land lease payments	383	375	–
Right-of-use assets	–	–	366
Total non-current assets	383	375	366
Current assets			
Prepayments	24	–	–
Amounts due from fellow subsidiaries	406	378	360
Cash and cash equivalents	91	–	–
Total current assets	521	378	360
TOTAL ASSETS	904	753	726
Current liabilities			
Other payables	13	13	13
Amount due to immediate holding company	51,781	51,681	51,749
Amount due to a fellow subsidiary	25	25	25
Total current liabilities	51,819	51,719	51,787
NET CURRENT LIABILITIES	(51,298)	(51,341)	(51,427)
TOTAL ASSETS LESS CURRENT LIABILITIES	(50,915)	(50,966)	(51,061)
Net liabilities	(50,915)	(50,966)	(51,061)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	1	1	1
Reserves	(50,916)	(50,967)	(51,062)
Total equity	(50,915)	(50,966)	(51,061)

29 SUBSEQUENT EVENTS

Save as disclosed herein, the Target Group had the following significant events took place subsequent to 31 December 2019:

(a) Following the outbreak of the novel coronavirus (COVID-19) in early 2020, the global stock markets (including Hong Kong stock market) have fallen sharply due to the pessimistic sentiments of investors about the adverse impact brought by the pandemic on the global economy. The board of directors of the Company expects that the COVID-19 pandemic will inevitably bring negative effect on the Target Group's business. However, due to the dynamic nature of the COVID-19 pandemic, it is difficult for the board of directors of the Company to estimate the extent of its impact on the Target Group's business and financial position in 2020. The board of directors of the Company is closely monitoring the development of, and the disruptions to the global economy caused by, the COVID-19 pandemic and will timely assess and react actively to its impact on the operation and financial performance of the Target Group. The Target Group will issue announcements to make relevant disclosures as and when appropriate and necessary.

30 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of the companies comprising the Target Group in respect of any period subsequent to 31 December 2019.

The OE Disposal Company was incorporated in the BVI on 8 June 1993. As at the Latest Practicable Date, the OE Disposal Company is a direct wholly-owned subsidiary of Oriental Explorer. The OE Disposal Group consists of the OE Disposal Company and a number of direct and indirect subsidiaries. The OE Disposal Company directly holds the OE Listed Securities and indirectly holds the OE Minority Interests through its subsidiaries. The OE Minority Interests Companies hold (directly or indirectly) interest in certain properties in Hong Kong and the PRC.

The Target Group is principally engaged in trading of securities and investment holding.

Set out below is the management discussion and analysis of the Target Group for each of the years ended 31 December 2017, 2018 and 2019.

For the year ended 31 December 2017:

Business Review

During the year under review, the Target Group recorded a net profit of approximately HK$184 million (2016: HK$56 million). This was mainly due to the gain of approximately HK$162 million brought by the fair value gains in equity investments (stocks) held by the Target Group for the year ended 31 December 2017.

The investments in equities held by the Target Group recorded a fair value gain of approximately HK$162 million (2016: loss of HK$18 million), and there were no fair value gains or losses in derivative financial instruments (2016: gain of HK$26 million). Equity investments recorded dividend income of approximately HK$26 million (2016: HK$23 million).

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2017.

As of 31 December 2017, the Target Group held approximately HK$725 million (2016: HK$612 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Target Group in long-term for investment purpose and receiving dividend income.

The Target Group's equity investments recorded a net fair value gain of approximately HK$162 million (2016: loss of HK$18 million) when marking the investment portfolios to market valuation as of 31 December 2017, along with dividend income of approximately HK$26 million (2016: HK$23 million).

The equity investments held by the Target Group as at 31 December 2017 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2017	Percentage of shareholding as at 31 December 2017	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2017	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2017	Dividend income for the year ended 31 December 2017	Fair value/ carrying amount as at 31 December 2017	Percentage to the Target Company's total asset as at 31 December 2017
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	8,120	0.25	207,822	–	64,554	7,552	244,006	25.97
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	3,040	0.01	207,496	–	53,172	11,748	243,078	25.88
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	1,332	0.37	168,677	–	31,702	3,596	157,442	16.76
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	9,800	0.01	30,198	–	3,920	1,884	37,632	4.01
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2.378	0.01	24,819	–	(785)	297	12,959	1.38
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	100	0.00	9,654	–	(295)	606	7,925	0.84
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	300	0.00	9,459	–	1,305	82	7,365	0.78
	Other listed securities#				28,910	9,277	(718)	343	14,594	1.55
						9,277	152,855	26,108	725,001	77.17

\# Other listed securities mainly represented the Target Group's investment in 13 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Target Group as at 31 December 2017

As at 31 December 2017, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Target Company will adjust the its portfolio of investments as its board of directors considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Target Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2017.

FOREIGN CURRENCY EXPOSURE

The Target Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Target Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Target Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Target Group and when appropriate hedge its currency risk. As of 31 December 2017, the Target Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Target Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK$725 million (2016: HK$612 million) as of 31 December 2017. The Target Group's cash and cash equivalents as of 31 December 2017 amounted to approximately HK$516,000 (2016: HK$378,000).

As of 31 December 2017, the Target Group had total bank and other borrowings amounting to approximately HK$353 million (2016: HK$366 million), which were secured by legal charges on the Target Group's certain equity investments. The Target Group's bank borrowings were mainly arranged on a floating rate basis. The bank and other borrowings of the Target Group as at 31 December 2017 was repayable within 1 year or on demand.

Taking into account the total liquid assets of approximately HK$767 million and total other borrowings of approximately HK$353 million, the Target Group was debt-free as at 31 December 2017.

CONTINGENT LIABILITY

As of 31 December 2017, the Target Group had no material contingent liability.

PROSPECT

The US Federal Reserve had increased the interest rate 3 times in 2017 (which was in March 2017, June 2017 and December 2017), and announced the start of shrinking of its balance sheet within the year. As Hong Kong dollar is pegged to the United States dollar, Hong Kong may follow to increase its interest rate in the future. These may exert pressure on price on equity investments held by the Target Group, particular in high-yield equity investments.

The worldwide economy (especially the PRC and Hong Kong's economy) is performing more and more volatile, with regard to uncertainties brought by policy-driven markets. The Target Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while seizing further investment opportunities.

For the year ended 31 December 2018:

Business Review

During the year under review, the Target Group recorded a net loss of approximately HK$89 million (2017: profit of HK$184 million). This was mainly due to the loss of approximately HK$111 million brought by the fair value loss in equity investments (stocks) held by the Target Group for the year ended 31 December 2018.

The investments in equities held by the Target Group recorded a fair value loss of approximately HK$111 million (2017: gain of HK$162 million). Equity investments recorded dividend income of approximately HK$27 million (2017: HK$26 million).

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2018.

As of 31 December 2018, the Target Group held approximately HK$607 million (2017: HK$725 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Target Group in long-term for investment purpose and receiving dividend income.

The Target Group's equity investments recorded a net fair value loss of approximately HK$111 million (2017: gain of HK$162 million) when marking the investment portfolios to market valuation as of 31 December 2018, along with dividend income of approximately HK$27 million (2017: HK$26 million).

The equity investments held by the Target Group as at 31 December 2018 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2018 '000	Percentage of shareholding as at 31 December 2018 %	Investment cost HK$'000	Realised Gain on change in fair value for the year ended 31 December 2018 HK$'000	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2018 HK$'000	Dividend income for the year ended 31 December 2018 HK$'000	Fair value/ carrying amount as at 31 December 2018 HK$'000	Percentage to the Target Company's total asset as at 31 December 2018 %
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	8,120	0.26	207,822	–	(32,480)	7,714	211,526	15.15
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	3,040	0.01	207,496	–	(46,062)	12,160	197,016	14.11
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	1,332	0.44	168,677	–	(21,046)	4,129	136,397	9.77
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	9,800	0.01	30,198	–	(4,508)	2,073	33,124	2.37
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2.378	0.01	24,819	–	(1,355)	419	11,604	0.83
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	100	0.00	9,654	–	(390)	341	7,535	0.54
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	300	0.00	9,459	–	(2,373)	147	4,992	0.36
	Other listed securities#				24,855	(91)	(2,592)	34	5,232	0.37
						(91)	(110,806)	27,017	607,426	43.5

\# Other listed securities mainly represented the Target Group's investment in 12 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Target Group as at 31 December 2018.

As at 31 December 2018, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Target Company will adjust the its portfolio of investments as its board of directors considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Target Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2018.

FOREIGN CURRENCY EXPOSURE

The Target Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Target Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Target Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Target Group and when appropriate hedge its currency risk. As of 31 December 2018, the Target Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Target Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK$607 million (2017: HK$725 million) as of 31 December 2018. The Target Group's cash and cash equivalents as of 31 December 2018 amounted to approximately HK$457,000 (2017: HK$516,000).

As of 31 December 2018, the Target Group had total bank and other borrowings amounting to approximately HK$376 million (2017: HK$353 million), which were secured by legal charges on the Target Group's certain equity investments. The Target Group's bank borrowings were mainly arranged on a floating rate basis. The bank and other borrowings of the Target Group as at 31 December 2018 was repayable within 1 year or on demand.

Taking into account the total liquid assets of approximately HK$701 million and total other borrowings of approximately HK$376 million, the Target Group was debt-free as at 31 December 2018.

CONTINGENT LIABILITY

As of 31 December 2018, the Target Group had no material contingent liability.

PROSPECT

The US Federal Reserve had increased the interest rate 4 times in 2018 (in March 2018, June 2018, September 2018 and December 2018, respectively). As Hong Kong dollar is pegged to the United States dollar, Hong Kong may also increase its interest rate in the future. These factors may exert pressure on price of equity investments held by the Target Group, particularly in high-yield equity investments.

The Target Group will continue to manage the business prudently in order to enhance operational quality, while at the same time seeking appropriate investment opportunities, with a view to increasing profitability and shareholder return.

For the year ended 31 December 2019:

Business Review

During the year under review, the Target Group recorded a net gain of approximately HK$39 million (2018: loss of HK$89 million). This was mainly due to the gain of approximately HK$17 million brought by the fair value gain in equity investments (stocks) held by the Target Group for the year ended 31 December 2019.

The investments in equities held by the Target Group recorded a fair value gain of approximately HK$17 million (2018: loss of HK$111 million). Equity investments recorded dividend income of approximately HK$26 million (2018: HK$27 million).

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2019.

As of 31 December 2019, the Target Group held approximately HK$561 million (2018: HK$607 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Target Group in long-term for investment purpose and receiving dividend income.

The Target Group's equity investments recorded a net fair value gain of approximately HK$17 million (2018: loss of HK$111 million) when marking the investment portfolios to market valuation as of 31 December 2019, along with dividend income of approximately HK$26 million (2018: HK$27 million).

The equity investments held by the Target Group as at 31 December 2019 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019	Percentage of shareholding as at 31 December 2019	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2019	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2019	Dividend income for the year ended 31 December 2019	Fair value/ carrying amount as at 31 December 2019	Percentage to the Target Company's total asset as at 31 December 2019
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	5,850	0.19	146,367	4,357	14,040	7,552	166,433	12.20
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	3,040	0.01	207,496	–	(12,009)	12,144	185,007	13.56
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	1,332	0.50	168,677	–	14,652	3,863	151,049	11.07
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	9,800	0.01	30,198	–	(490)	2,066	32,634	2.39
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2.378	0.01	24,819	–	(2,306)	448	9,297	0.68
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	100	0.00	9,654	–	(985)	292	6,550	0.48
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	300	0.00	9,459	–	1,503	55	6,495	0.47
	Other listed securities#				24,855	90	(1,577)	74	3,655	0.27
						4,447	12,828	26,494	561,120	41.12

\# Other listed securities mainly represented the Target Group's investment in 11 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Target Group as at 31 December 2019.

As at 31 December 2019, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Target Company will adjust the its portfolio of investments as its board of directors considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Target Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2019.

FOREIGN CURRENCY EXPOSURE

The Target Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Target Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Target Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Target Group and when appropriate hedge its currency risk. As of 31 December 2019, the Target Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Target Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK$561 million (2018: HK$607 million) as of 31 December 2019. The Target Group's cash and cash equivalents as of 31 December 2019 amounted to approximately HK$30,000 (2018: HK$457,000).

As of 31 December 2019, the Target Group had total bank and other borrowings amounting to approximately HK$291 million (2018: HK$376 million), which were secured by legal charges on the Target Group's certain equity investments. The Target Group's bank borrowings were mainly arranged on a floating rate basis. The bank and other borrowings of the Target Group as at 31 December 2019 was repayable within 1 year or on demand.

Taking into account the total liquid assets of approximately HK$656 million and total other borrowings of approximately HK$291 million, the Target Group was debt-free as at 31 December 2019.

CONTINGENT LIABILITY

As of 31 December 2019, the Target Group had no material contingent liability.

EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of the novel coronavirus (COVID-19) in early 2020, the global stock markets (including Hong Kong stock market) have fallen sharply due to the pessimistic sentiments of investors about the adverse impact brought by the pandemic on the global economy. The Board expects that the COVID-19 pandemic will inevitably bring negative effect on the Target Group's business. However, due to the dynamic nature of the COVID-19 pandemic, it is difficult for the Board to estimate the extent of its impact on the Target Group's business and financial position in 2020. The Board is closely monitoring the development of, and the disruptions to the global economy caused by, the COVID-19 pandemic and will timely assess and react actively to its impact on the operation and financial performance of the Target Group. The Target Group will issue announcements to make relevant disclosures as and when appropriate and necessary.

PROSPECT

The tension in Sino-U.S. trade relations has eased since the two countries signed the first-phase trade agreement in January this year. However, since a final trade agreement between the PRC and the U.S. has not been reached, significant uncertainties still exist with regard to the subsequent trade negotiations between the two countries. Furthermore, investors become pessimistic about the global economic outlook because of the worldwide spread of the novel coronavirus, causing fluctuations in global financial markets. The Target Group's equity investment portfolio will inevitably be adversely affected by the above factors in the coming year.

The Target Group will continue to operate its business prudently and to maintain a sound financial position. The Target Group will also cautiously explore opportunities and expand its investment portfolio with a view to increasing profitability and shareholder return.

The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF REACH PROFIT INVESTMENTS LIMITED
(incorporated in the British Virgin Islands with limited liability)

To the Board of Directors of Multifield International Holdings Limited

Introduction

We have reviewed the historical financial information set out on pages IV-3 to IV-11, which comprises the combined statements of financial position of Reach Profit Investments Limited (the "**Disposal Company**") and its subsidiaries (together, the "**Disposal Group**") as at 31 December 2017, 2018 and 2019, and the combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flow for each of the years ended 31 December 2017, 2018 and 2019 and explanatory notes (the "**Historical Financial Information**"). The Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Multifield International Holdings Limited (the "**Company**") in connection with the proposed acquisition of the entire equity interest in Linkful Strategic Investment Limited ("**Proposed Acquisition**") and the disposal of the Company's entire equity interest in the Disposal Company ("**Proposed Disposal**") in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of the Company are responsible for the presentation and preparation of the Historical Financial Information of the Disposal Group in accordance with the basis of presentation and preparation set out in Notes 1 and 2 to the Historical Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of 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 HKICPA and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by HKICPA. A review of the Historical Financial Information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Group for the relevant periods is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1 and 2 to the Historical Financial Information.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong
30 June 2020

I HISTORICAL FINANCIAL INFORMATION

Combined statements of profit or loss

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Revenue	24,321	24,980	25,936
Cost of sales	(4,136)	(3,755)	(4,373)
Gross profit	20,185	21,225	21,563
Other income and gains	132	369	138
Fair value gains on investment properties, net	42,800	12,400	75,100
Gain on disposal of investment properties	–	9,260	–
Operating and administrative expenses	(5,166)	(5,511)	(5,623)
Finance costs	(9,034)	(9,601)	(8,063)
Profit before tax	48,917	28,142	83,115
Income tax expense	(1,154)	(233)	(4,529)
Profit for the year attributable to owners of the Disposal Company	47,763	27,909	78,586

Combined statements of comprehensive income

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Profit for the year	47,763	27,909	78,586
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(156)	107	37
Net other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods	(156)	107	37
Other comprehensive (expense)/income for the year	(156)	107	37
Total comprehensive income for the year attributable to owners of the Disposal Company	47,607	28,016	78,623

Combined statements of financial position

	As at 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Non-current assets			
Property, plant and equipment	80	22	13
Investment properties	1,354,240	1,332,440	1,407,540
Total non-current assets	1,354,320	1,332,462	1,407,553
Current assets			
Trade receivables	1,043	608	670
Prepayments, deposits and other receivables	520	1,056	486
Amount due from immediate holding company	1,800	–	–
Amounts due from fellow subsidiaries	390,049	308,708	281,279
Cash and cash equivalents	2,535	2,569	2,918
Total current assets	395,947	312,941	285,353
TOTAL ASSETS	1,750,267	1,645,403	1,692,906
Current liabilities			
Trade payables	42	42	42
Other payables and accruals	1,193	1,946	1,627
Deposits received	7,828	7,246	8,067
Amounts due to fellow subsidiaries	467,086	439,841	479,713
Interest-bearing bank borrowings	350,378	244,429	169,000
Tax payable	2,135	2,456	2,596
Total current liabilities	828,662	695,960	661,045
NET CURRENT LIABILITIES	(432,715)	(383,019)	(375,692)
TOTAL ASSETS LESS CURRENT LIABILITIES	921,605	949,443	1,031,861
Non-current liabilities			
Deferred tax liabilities	15,392	15,214	19,009
Total non-current liabilities	15,392	15,214	19,009
Net assets	906,213	934,229	1,012,852
EQUITY			
Equity attributable to owners of the Disposal Company			
Issued capital	390	390	390
Reserves	905,823	933,839	1,012,462
Total equity	906,213	934,229	1,012,852

Combined statements of changes in equity

	Issued capital	**Exchange fluctuation reserve**	**Retained profits**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
At 1 January 2017	390	(509)	858,725	858,606
Total comprehensive income for the year	–	(156)	47,763	47,607
At 31 December 2017	390	(665)	906,488	906,213
At 1 January 2018	390	(665)	906,488	906,213
Total comprehensive income for the year	–	107	27,909	28,016
At 31 December 2018	390	(558)	934,397	934,229
At 1 January 2019	390	(558)	934,397	934,229
Total comprehensive income for the year	–	37	78,586	78,623
At 31 December 2019	390	(521)	1,012,983	1,012,852

Combined statements of cash flows

	Year ended 31 December		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	48,917	28,142	83,115
Adjustments for:			
Finance costs	9,034	9,601	8,063
Changes in fair value of investment properties	(42,800)	(12,400)	(75,100)
Depreciation of property, plant and equipment	95	58	9
Gain on disposal of investment properties	–	(9,260)	–
	15,246	16,141	16,087
Decrease/(Increase) in trade receivables	123	435	(62)
Decrease/(Increase) in prepayments, deposits and other receivables	144	(536)	570
Decrease in amount due from immediate holding company	–	1,800	–
(Increase)/Decrease in balances with fellow subsidiaries	(10,264)	53,629	65,822
(Decrease)/Increase in other payables and accruals	(176)	928	(281)
Increase/(Decrease) in deposits received	830	(582)	821
Cash generated from operations	5,903	71,815	82,957
Hong Kong profits tax (paid)/refund	(70)	17	(557)
Net cash flows from operating activities	5,833	71,832	82,400
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(20)	–	–
Proceeds from disposal of investment properties	–	43,460	–
Net cash flows (used in)/from investing activities	(20)	43,460	–
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing borrowings	210,000	–	–
Repayment of interest-bearing borrowings	(208,666)	(105,949)	(75,429)
Interest paid	(7,446)	(9,309)	(6,622)
Net cash flows used in financing activities	(6,112)	(115,258)	(82,051)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(299)	34	349
Cash and cash equivalents at beginning of year	2,834	2,535	2,569
Cash and cash equivalents at end of year	2,535	2,569	2,918

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Disposal Company was incorporated in the British Virgin Islands on 23 December 2019 with limited liability. The immediate holding company is Multifield International Holdings Limited ("**Multifield**"), which is incorporated in the Bermuda. The ultimate holding company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Lau Chi Yung, Kenneth of the Company, who is the director of the Disposal Company.

The addresses of the registered office and the principal place of business of the Disposal Company are at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, respectively. The Disposal Company is an investment holding company. The principal activities of its subsidiaries are property investment.

The Disposal Company and its subsidiaries resulting from reorganisation are under the common control by Multifield. Prior to the reorganisation, the Disposal Company and each of Quick Returns Group Limited ("**Quick Returns**"), Lucky Win International Limited ("**Lucky Win**"), Triple Luck Investments Limited ("**Triple Luck**"), Money State International Limited ("**Money State**") and Super Wish Assets Limited ("**Super Wish**") were indirect wholly-owned subsidiaries of Multifield. As part of the reorganisation, the entire equity interests in Quick Returns, Lucky Win, Triple Luck, Money State and Super Wish indirectly held by Multifield, are transferred to the Disposal Company (the "**Reorganisation**"). The Reorganisation is completed in May 2020. Since then, the Disposal Company became the holding company of the companies now comprising the Disposal Group.

This unaudited combined financial information has been prepared to present the combined financial information of the Disposal Group solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Proposed Acquisition and the Proposed Disposal (the "**Historical Financial Information**").

The Historical Financial Information has been prepared as if the Disposal Company had been the holding company of the Disposal Group throughout the Track Record Period in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of the companies now comprising the Disposal Group, have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Disposal Group as if the current group structure had been in existence at those dates.

The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Proposed Acquisition and the Proposed Disposal. It does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It should be read in connection with the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019.

The Historical Financial Information is presented in HK dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

As of the date of this report, the Disposal Company has the direct and indirect interest in the following wholly-owned subsidiaries:

Information about subsidiaries

Particulars of the Disposal Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Disposal Company %	Principal activities	Notes
Conrad Shipping Limited	Hong Kong	HK$1	100	Property investment	1
Golden Charter International Limited	Hong Kong	HK$2	100	Property investment	1
Goodrich Properties Limited	Hong Kong	HK$2	100	Property investment	1
Grandfield Nominees Limited	Hong Kong	HK$1,000,000	100	Property investment	1
Lau & Partners Consultants Limited	Hong Kong/PRC	HK$10,000	100	Property investment	1
Maxlord Limited	Hong Kong	HK$10,000	100	Property investment	1
Multifield Contracting Limited	Hong Kong	HK$10,000	100	Property investment	1
Multifield Property Agency Limited	Hong Kong	HK$2	100	Property investment	1
Quick Returns	British Virgin Islands	US$1	100	Investment holding	2
Tellink Development Limited	Hong Kong	HK$100	100	Property investment	1
Triple Luck	British Virgin Islands	US$50,000	100	Investment holding	2
Verywell Properties Limited	British Virgin Islands /Hong Kong	US$1	100	Property investment	1

Note 1: The statutory financial statements of these entities for the years ended 31 December 2017, 2018 and 2019, which were prepared in accordance with HKFRSs issued by the HKICPA, were audited by us in accordance with HKSAs issued by the HKICPA.

Note 2: No audited statutory financial statements have been prepared for Quick Returns and Triple Luck since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

All companies now comprising the Disposal Group have adopted 31 December as their financial year end date.

2 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

Basis of presentation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the accounting policies adopted by the Company as set out in the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019. Except as described below, these policies have been consistently applied to all years presented.

The preparation of the Historical Financial Information in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Disposal Company.

Going Concern

The Disposal Group had net current liabilities of approximately HK$432,715,000, HK$383,019,000 and HK$375,692,000 at each of the end of the reporting period. Notwithstanding the above, the directors of the Disposal Company have prepared the Historical Financial Information on the going concern basis on the assumption that the Disposal Group will continue to operate as a going concern for the foreseeable future as Multifield has confirmed to provide necessary funds to the Disposal Group so as to enable the Disposal Group to discharge its obligations as and when they fall due.

HKFRS 9 "Financial Instruments"

Since 1 January 2018, the Disposal Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Disposal Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "*Financial Instruments: Recognition and Measurement*".

Impairment under ECL model

As at 1 January 2018, the management of the Disposal Group reviewed and assessed the Disposal Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The Disposal Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. Trade receivables have been assessed individually.

ECL for other financial assets at amortised cost, including pledged bank deposits, bank balances and amounts due from fellow subsidiaries, are assessed on 12-month ECL ("12 month ECL") basis as there had been no significant increase in credit risk since initial recognition.

The directors considered that the measurement of ECL has no material impact to the Disposal Group's retained profits at 1 January 2018.

HKFRS 15 "Revenue from Contracts with Customers"

Since 1 January 2018, the Disposal Group has applied HKFRS 15. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 "*Construction Contracts and the related interpretations*".

The Disposal Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Disposal Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The application on HKFRS 15 has no material impact on the timing and amounts of revenue recognised in the year ended 31 December 2018 and retained profits at 1 January 2018.

HKFRS 16 "Leases"

The Disposal Group has applied HKFRS 16 "*Leases*" on 1 January 2019. HKFRS 16 superseded HKAS 17 "*Leases*" and the related interpretation.

The Disposal Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 "*Determining whether an Arrangement contains a Lease*" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Disposal Group has not reassessed contracts which already existed prior to the date of initial application.

The application of HKFRS 16 has no material impact as the Disposal Group's financial statements at 1 January 2019.

Issued but not yet effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 3	*Definition of a Business*[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
4 No mandatory effective date yet determined but available for adoption

The directors of the Disposal Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

INTRODUCTION

The accompanying unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Multifield International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), has been prepared by the directors of the Company (the "**Directors**") in accordance with paragraphs 4.29 of the Listing Rules to illustrate the effect of the following proposed transactions (the "**Reorganisation**"):

i) proposed acquisition of the entire equity interest in the Target Company by the Company (the "**Proposed Acquisition**"); and

ii) proposed disposal of the entire equity interest in the Disposal Company (the "**Proposed Disposal**").

The Unaudited Pro Forma Financial Information has been prepared as if the Reorganisation have been completed (the "**Completion**") on 31 December 2019 for the unaudited pro forma consolidated statement of financial position and on 1 January 2019 for the unaudited pro forma consolidated statement of profit or loss and statement of comprehensive income and unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared based on the consolidated statement of financial position of the Group as at 31 December 2019 as extracted from the published annual report of the Group for the year ended 31 December 2019, the combined statement of financial position of the Target Group as at 31 December 2019 as extracted from the accountants' report of the Target Group as set out in Appendix II to this Circular and the unaudited combined statement of financial position of the Disposal Group as at 31 December 2019 as extracted from the financial information of the Disposal Group as set out in Appendix IV to this Circular, after making pro forma adjustments to the Reorganisation.

The unaudited pro forma consolidated statement of profit or loss and statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group are prepared based on the consolidated statement of profit and loss, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2019 as extracted from the published annual report of the Group for the year ended 31 December 2019, after making pro forma adjustments to the Reorganisation.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the directors of the Company based on a number of assumptions, estimates, uncertainties and currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the financial position, financial performance and cash flows of the Enlarged Group had the Reorganisation been completed as at 31 December 2019 for the financial position or 1 January 2019 for the financial performance and cash flows or at any future date.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as extracted from the published annual report of the Group for the year ended 31 December 2019, the accountants' report of the Target Group as set out in Appendix II to this Circular and financial information of the Disposal Group as extracted from the financial information of the Disposal Group as set out in Appendix IV to this Circular.

I. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 31 December 2019	Pro forma adjustments		Unaudited pro forma for the Enlarged Group as at 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	
Non-current assets				
Property, plant and equipment	205,963	–	–	205,963
Investment properties	10,192,796	–	–	10,192,796
Right-of-use assets	366	–	–	366
Club debenture	670	–	–	670
Total non-current assets	10,399,795	–	–	10,399,795
Current assets				
Properties held for sale	281,851	–	–	281,851
Trade receivables	3,888	–	–	3,888
Prepayments, deposits and other receivables	230,732	–	–	230,732
Equity investments at fair value through profit or loss	1,043,987	–	–	1,043,987
Cash and cash equivalents	538,641	–	–	538,641
Total current assets	2,099,099	–	–	2,099,099
Total assets	12,498,894	–	–	12,498,894
Current liabilities				
Trade payables	2,039	–	–	2,039
Other payables and accruals	166,808	–	1,710	168,518
Deposits received	58,954	–	–	58,954
Interest-bearing bank and other borrowings	722,083	–	–	722,083
Tax payable	53,523	–	–	53,523
Total current liabilities	1,003,407	–	1,710	1,005,117
Net current assets	1,095,692	–	(1,710)	1,093,982
Total assets less current liabilities	11,495,487	–	(1,710)	11,493,777

	The Group as at 31 December 2019	Pro forma adjustments		Unaudited pro forma for the Enlarged Group as at 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	
Non-current liabilities				
Interest-bearing bank and other borrowings	1,110,000	–	–	1,110,000
Amount due to a director	57,092	–	–	57,092
Deferred tax liabilities	1,196,699	–	–	1,196,699
Total non-current liabilities	2,363,791	–	–	2,363,791
Net assets	9,131,696	–	(1,710)	9,129,986
Equity				
Equity attributable to owners of the Company				
Issued capital	41,804	–	–	41,804
Reserves	7,361,816	103,142	(1,478)	7,463,480
	7,403,620	103,142	(1,478)	7,505,284
Non-controlling interests	1,728,076	(103,142)	(232)	1,624,702
Total equity	9,131,696	–	(1,710)	9,129,986

II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2019	Pro forma adjustments		Unaudited pro forma for the Enlarged Group for the year ended 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3*	*Note 4*	
Revenue	312,930	–	–	312,930
Cost of sales	(50,208)	–	–	(50,208)
Gross profit	262,722	–	–	262,722
Other income and gains	19,268	–	–	19,268
Foreign exchange differences, net	(1,709)	–	–	(1,709)
Fair value gains on investment properties, net	386,201	–	–	386,201
Operating and administrative expenses	(43,380)	–	(1,710)	(45,090)
Finance costs	(49,575)	–	–	(49,575)
Profit before tax	573,527	–	(1,710)	571,817
Income tax credit	35,163	–	–	35,163
Profit for the year	608,690	–	(1,710)	606,980
PROFIT FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	530,993	(37,153)	(1,710)	492,130
Non–controlling interests	77,697	37,153	–	114,850
	608,690	–	(1,710)	606,980

	The Group for the year ended 31 December 2019	Pro forma adjustments		Unaudited pro forma for the Enlarged Group for the year ended 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3*	*Note 4*	
Profit for the year	608,690	–	(1,710)	606,980
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(100,528)	–	–	(100,528)
Total other comprehensive income for the year	508,162	–	(1,710)	506,452
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	459,223	(37,153)	(1,710)	420,360
Non–controlling interests	48,939	37,153	–	86,092
	508,162	–	(1,710)	506,452

III. UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2019	Pro forma adjustments	Unaudited pro forma for the Enlarged Group for the year ended 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 4*	
Cash flows from operating activities			
Profit before tax	573,527	(1,710)	571,817
Adjustments for:			
Finance costs	49,575	–	49,575
Changes in fair value of investment properties	(386,201)	–	(386,201)
Interest income	(3,478)	–	(3,478)
Dividend income from listed investments	(54,930)	–	(54,930)
Depreciation of property, plant and equipment	5,191	–	5,191
Depreciation of right–of–use assets	9	–	9
Fair value gains on equity investments at fair value through profit or loss, net	(38,756)	–	(38,756)
Gain on disposal of items of property, plant and equipment	(1,880)	–	(1,880)
PRC indirect taxes	23,623	–	23,623
	166,680	(1,710)	164,970
Increase in trade receivables	(186)	–	(186)
Decrease in prepayments, deposits and other receivables	2,407	–	2,407
Decrease in equity investments at fair value through profit or loss	235,098	–	235,098
Increase in trade payables	181	–	181
Decrease in other payables and accruals	(10,486)	1,710	(8,776)
Increase in deposits received	2,770	–	2,770
Cash generated from operations	396,464	–	396,464
Dividends received from listed investments	54,930	–	54,930
Hong Kong profits tax paid	(557)	–	(557)
PRC taxes paid	(34,517)	–	(34,517)
Net cash flows from operating activities	416,320	–	416,320

	The Group for the year ended 31 December 2019	Pro forma adjustments	Unaudited pro forma for the Enlarged Group for the year ended 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 4*	
Cash flows from investing activities			
Purchases of items of property, plant and equipment	(82)	–	(82)
Purchases of investment properties	(102,511)	–	(102,511)
Proceed from disposal of items of property, plant and equipment	1,880	–	1,880
Interest received	3,400	–	3,400
Net cash flows used in investing activities	(97,313)	–	(97,313)
Cash flows from financing activities			
New interest–bearing borrowings	967,000	–	967,000
Repayment of interest–bearing borrowings	(623,453)	–	(623,453)
Net change in short–term revolving loans	(450,306)	–	(450,306)
Advance from a director	20,792	–	20,792
Repayment to a director	(20,475)	–	(20,475)
Interest paid	(48,634)	–	(48,634)
Dividends paid	(56,429)	–	(56,429)
Net cash flows used in financing activities	(211,505)	–	(211,505)
Net increase in cash and cash equivalents	107,502	–	107,502
Cash and cash equivalents at beginning of year	425,600	–	425,600
Effect of foreign exchange rate changes, net	5,539	–	5,539
Cash and cash equivalents at end of year	538,641	–	538,641
Analysis of balances of cash and cash equivalents			
Cash and bank balances	176,945	–	176,945
Non–pledged deposits with original maturity of less than three months when acquired	361,696	–	361,696
Cash and cash equivalents	538,641	–	538,641

Notes to Unaudited Pro Forma Financial Information of the Enlarged Group

1. The amounts are extracted from the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2019 as set out in the published annual report for the year ended 31 December 2019.

2. Before the completion of the Reorganisation, the Company indirectly held 64.06% interests in Oriental Explorer through its wholly-owned subsidiary, which in turn indirectly held 64.06% interests in the Target Company. Hence the Target Company was a non-wholly-owned subsidiary of the Company. Upon completion of the Proposed Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company.

   Before the completion of the Proposed Disposal, the Disposal Company was a direct wholly-owned subsidiary of the Company. Upon completion of the Proposed Acquisition and the Proposed Disposal, the Company will hold indirectly 75% interests in the Disposal Company through its 75% interests in Oriental Explorer, and hence the Disposal Company will still be a non-wholly-owned subsidiary of the Company.

   Hence, the Proposed Acquisition and the Proposed Disposal will be accounted for as equity transactions with non-controlling interests. Assuming the Reorganisation had been completed on 31 December 2019:

   Non-controlling interests immediately before the completion of Reorganisation:

	HK$'000
Percentage of non-controlling interests in Oriental Explorer	35.94%
Net assets value of Oriental Explorer	1,449,304
Net assets value attributable to non-controlling interests	520,879

   Non-controlling interests immediately after the completion of Reorganisation:

	HK$'000
Percentage of non-controlling interests in Oriental Explorer	25.00%
Net assets value of Oriental Explorer	1,670,946
Net assets value attributable to non-controlling interests	417,737

   Net assets value attributable to non-controlling interests:

	HK$'000
Immediately after the completion of Reorganisation	417,737
Immediately before the completion of Reorganisation	(520,879)
Decrease in carrying amount of non-controlling interests	(103,142)

   The adjustment has no continuing effect.

3 Assuming the Reorganisation had been completed on 1 January 2019:

Non-controlling interests without the completion of Reorganisation:	*HK$'000*
Percentage of non-controlling interests	35.94%
Profit for the year of Oriental Explorer	52,045
Profit for the year attributable to non-controlling interests	18,704

Non-controlling interests as if the completion of Reorganisation on 1 January 2019:	*HK$'000*
Percentage of non-controlling interests	25.00%
Profit for the year of Oriental Explorer	223,423
Profit for the year attributable to non-controlling interests	55,857

Profit for the year attributable to non-controlling interests:	*HK$'000*
As if the completion of Reorganisation on 1 January 2019	55,857
Without completion of Reorganisation	(18,704)
Increase in profit for the year attributable to non-conrolling interests	37,153

4. Adjustment has been made to the Unaudited Pro Forma Financial Information for professional costs of approximately HK$1,710,000 directly attributable to the Reorganisation (including fees to legal advisers, independent financial advisers, reporting accountants, valuer, printer and other expenses).

5. No other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2019.

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

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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

To the Directors of Multifield International Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Multifield International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 December 2019, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019 and related notes as set out on pages V-1 to V-9 of the circular issued by the Company dated 30 June 2020 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire equity interest in Linkful Strategic Investment Limited (the "**Proposed Acquisition**') and the proposed disposal of the entire equity interest in Reach Profit Investments Limited ("**Proposed Disposal**") (together "**Reorganisation**") on the Group's financial position as at 31 December 2019 and its financial performance and cash flows for the year ended 31 December 2019 as if the Reorganisation had taken place at 31 December 2019 and 1 January 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements as included in the annual report for the year ended 31 December 2019, on which an auditors' 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 (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 or 1 January 2019 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:

- the unaudited pro forma financial information has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong

30 June 2020

Upon Completion, the OE Disposal Company will become a direct subsidiary of Multifield; on the other hand, the Multifield Disposal Company (which holds the Multifield Disposal Properties) will become a subsidiary of Oriental Explorer and thus the Multifield Disposal Company will still be a subsidiary of Multifield (through its shareholdings in Oriental Explorer). The management discussion and analysis of the Enlarged Group for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively are set out below.

For the year ended 31 December 2017:

Business Review

The Enlarged Group recorded a net profit of approximately HK$824 million (2016: HK$683 million) with rental income in Hong Kong recorded a decrease of approximately 5%. The Enlarged Group's rental income from hotel-serviced apartments and villas in Shanghai remains stable (2016: decrease of approximately 10%). The Enlarged Group's equity investments recorded fair value gains of approximately HK$335 million (2016: loss of HK$49 million), and there were no fair value gain or losses in derivative financial instruments (2016: gain of HK$53 million). Equity investments recorded dividend income of approximately HK$54 million (2016: HK$47 million). Although the fair value gain of investment properties held by the Enlarged Group is significantly lower (approximately 71%) than that for year 2016, the Enlarged Group's consolidated profit after tax for the year ended 31 December 2017 is higher (approximately 21%) than that for the corresponding period in year 2016.

PROPERTY INVESTMENT

Hong Kong

The Enlarged Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Benefited from increase in property market price in Hong Kong in 2017, the Enlarged Group's investment properties portfolio contributed stable rental revenue of approximately HK$66 million in 2017 (2016: HK$69 million). For the Enlarged Group's 54 Wong Chuk Hang Road, Hong Kong project, the occupation permit is expected to be obtained in mid-2018. It is expected that the new building will provide a new and stable source of income to the Enlarged Group.

Shanghai, the PRC

The Enlarged Group's properties portfolio in Shanghai, the PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties have an average occupancy rate of approximately 90%, and generates rental and management fee revenue of approximately HK$148 million in 2017 (2016: HK$143 million).

Zhuhai, the PRC

36,808 square meters of commercial use land in Qianshan is now under relocation progress. In July 2015, a new relocation policy has changed the responsibility of relocation from the land department to the local district government. The Enlarged Group supports the local district government on the relocation work. The Enlarged Group had submitted a proposal to the local government for the relocation, and had various meetings with the local relocation authorities to follow up the relocation work. The local town planning department had recently supported in principle to allow the land's residential construction area to be increased based on the original size and design planning permit of the land (can only be used for the relocation of original residential constructions on the land), and be submitted by the land reserve center for local district government's approval.

The Enlarged Group held a parcel of hotel and commercial use land located in Doumen district, Zhuhai, the PRC ("Doumen Land"). The local government had proposed to buy back the Doumen Land from the Enlarged Group due to a change in town planning and had offered a compensation to the Enlarged Group. However, the land certificate of the Doumen Land was rescinded by the local government prior to reaching a consensus on compensation.

The management of the Enlarged Group questions the legality of the local government's actions regarding the change in town planning of the Doumen Land, the local authority's unfair process of rescinding the land certificate and the unreasonable compensation valuation method used by the local government. Hence, the Enlarged Group is engaged in ongoing legal proceedings against the local government up to the date of approval of these consolidated financial statements.

Although the outcome of the litigation is uncertain and the amount of the compensation has yet to be concluded, it is not expected to cause a material negative impact on the daily operations or trading position of the Enlarged Group. Accordingly, the Enlarged Group derecognised the interest in the Doumen Land and recognised a gain in profit or loss for the year ended 31 December 2017.

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2017. As of 31 December 2017, the Enlarged Group held approximately HK$1,481 million (2016: HK$1,250 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Enlarged Group in long-term for investment purpose and receiving dividend income.

The Enlarged Group's equity investments recorded a net fair value gain of approximately HK$335 million (2016: loss of HK$49 million) when marking the investment portfolios to market valuation as of 31 December 2017, along with dividend income of approximately HK$54 million (2016: HK$47 million).

The equity investments held by the Group as at 31 December 2017 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2017	Percentage of shareholding as at 31 December 2017	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2017	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2017	Dividend income for the year ended 31 December 2017	Fair value/ carrying amount as at 31 December 2017	Percentage to the Enlarged Group's total asset as at 31 December 2017
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	16,250	0.49	413,543	–	129,188	15,113	488,313	4.20
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	5,743	0.28	385,760	–	100,431	22,190	459,126	3.94
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	2,664	0.74	337,354	–	63,403	7,193	314,885	2.70
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	–	11,720	5,634	112,512	0.97
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	–	(1,003)	2,062	26,945	0.23

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2017	Percentage of shareholding as at 31 December 2017	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2017	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2017	Dividend income for the year ended 31 December 2017	Fair value/ carrying amount as at 31 December 2017	Percentage to the Enlarged Group's total asset as at 31 December 2017
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	–	4,350	272	24,550	0.21
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2,378	0.01	24,819	–	(785)	297	12,959	0.11
	Other listed securities#				70,337	18,070	9,568	983	41,744	0.36
						18,070	316,872	53,744	1,481,034	12.72

Other listed securities mainly represented the Enlarged Group's investment in 14 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Enlarged Group as at 31 December 2017.

As at 31 December 2017, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 22 March 2017, an indirect non-wholly-owned subsidiary of the Company had entered into a provisional agreement for sale and purchase with Victoria Palace Limited (the "Vendor"), an independent third party who or which is independent of the Company and its connected persons (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), pursuant to which the Vendor agreed to sell and assign, and the Enlarged Group agreed to purchase and take up an assignment of, the entire issued share capital of Rich Century Development Limited ("Rich Century") and the right to all debts owing by Rich Century to the Vendor, Rich Century's previous director and their associates (if any) as at completion free from all encumbrances and third party rights for a consideration of HK$55,000,000. Rich Century is the full legal and beneficial owner and registered owner of Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 30th Floor of Tower 1, Larvotto and Car Parking Space No. 16 on the Ground Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong. Upon completion of the acquisition on 12 July 2017, Rich Century became an indirect non-wholly-owned subsidiary of the Company and its financial results were consolidated into the consolidated financial statements of the Enlarged Group. This acquisition did not constitute a notifiable transaction under the Listing Rules. Save as disclosed above, the Enlarged Group had no other material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2017.

FOREIGN CURRENCY EXPOSURE

The Enlarged Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Enlarged Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Enlarged Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Enlarged Group and when appropriate hedge its currency risk. As of 31 December 2017, the Enlarged Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Enlarged Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and/or debt investments of approximately HK$1,481 million (2016: HK$1,250 million) as of 31 December 2017. The Enlarged Group's cash and cash equivalents as of 31 December 2017 amounted to approximately HK$384 million (2016: HK$437 million).

As of 31 December 2017, the Enlarged Group had total bank and other borrowings amounting to approximately HK$2,032 million (2016: HK$2,052 million), which were secured by legal charges on the Enlarged Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Enlarged Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Enlarged Group as at 31 December 2017 was as follows:

	HK$'000
Within one year	1,701,414
In the second year	128,802
In the third to fifth years, inclusive	201,901
Total	**2,032,117**

With the total bank and other borrowings of approximately HK$2,032 million (2016: HK$2,052 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK$10,121 million (2016: HK$9,074 million), the Enlarged Group's gearing ratio as at 31 December 2017 was around 20% (2016: 23%).

CONTINGENT LIABILITY

As of 31 December 2017, the Enlarged Group had no material contingent liability.

COMMITMENTS

As at 31 December 2017, the Enlarged Group had committed payment for the construction and land development expenditure amounting to approximately HK$104 million (2016: HK$243 million).

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2017, the Enlarged Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK$26 million (2016: HK$25 million).

The objective of the Enlarged Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The US Federal Reserve had increased the interest rate 3 times in 2017 (which was in March 2017, June 2017 and December 2017), and announced the start of shrinking of its balance sheet within the year. As Hong Kong dollar is pegged to the United States dollar, Hong Kong may follow to increase its interest rate in the future. These may exert pressure on price on equity investments held by the Enlarged Group, particular in high-yield equity investments. Besides, the potential slowdown in growth of PRC economy may have a significant impact on Hong Kong's rental market.

The investment properties (particularly the small-sized residential units) in Hong Kong had recorded increase in market value in 2017. On 4 November 2016, the Hong Kong government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp duty rates for residential property transactions to a flat rate of 15%. Facing the new government policy and with the conditions for potential interest rate increase, investment properties in Hong Kong held by the Group might record decrease in market value as compared to the increase in fair value in previous years.

The PRC's economic growth has slowed down, with the PRC government targeting an approximately 6.5% GDP growth rate for 2018. In addition to the potential fluctuation of Renminbi, retreat of foreign investments from the PRC and intensive competition in rental business in PRC, these may exert pressure on the revenue from provision of hotel-serviced villas, apartments and property management services in the PRC. Despite of the PRC's possible slower than expected economic growth, inflationary pressure on salaries, utilities expenses, properties renovation and quality enhancement expenses remains a key challenge to the Enlarged Group.

On 1 May 2016, the final phase of the transition from the Business Tax to Value Added Tax regime took effect and became applicable to the real estate sector, among other industries. The Enlarged Group has taken appropriate measures to ensure a smooth transition to the new tax regime.

The worldwide economy (especially the PRC and Hong Kong's economy) is performing more and more volatile, with regard to uncertainties brought by policy-driven markets. The Enlarged Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental and property development business, and seizing further investment opportunities.

For the year ended 31 December 2018:

Business Review

During the year under review, the Enlarged Group recorded a net profit of approximately HK$862 million (2017: HK$824 million). The Enlarged Group's rental income in Hong Kong recorded an increase of approximately 5% (2017: decrease of 5%). The Enlarged Group's rental income from hotel-serviced apartments and villas in Shanghai remains stable (2017: remains stable). The Enlarged Group's equity investments recorded fair value loss of approximately HK$223 million (2017 gain of HK$335 million). Equity investments recorded dividend income of approximately HK$56 million (2017: HK$54 million). As the fair value gain of investment properties held by the Enlarged Group is significantly higher (approximately 396%) than that for year 2017, the Enlarged Group's consolidated profit after tax for the year ended 31 December 2018 is higher (approximately 5%) than that for the corresponding period in year 2017.

PROPERTY INVESTMENT

Hong Kong

The Enlarged Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Benefited from increase in property market price in Hong Kong in 2018, the Enlarged Group's investment properties portfolio contributed stable rental revenue of approximately HK$69 million in 2018 (2017: HK$66 million). Occupation permit has been issued by Buildings Department on 6 July 2018 to the Enlarged Group's new building at 54 Wong Chuk Hang Road. It is expected that the new building will provide a new and stable source of income to the Group.

Shanghai, the PRC

The Enlarged Group's properties portfolio in Shanghai, the PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties have an average occupancy rate of approximately 90%, and generates rental and management fee revenue of approximately HK$152 million in 2018 (2017: HK$148 million).

Zhuhai, the PRC

Zhuhai Qianshan

The Enlarged Group's 36,808 square meters of commercial-use land in Qianshan ("Qianshan Land") is under relocation progress. In July 2015, a new relocation policy transferred the responsibility of relocation from Land Department ("國土局") to Xiangzhou District Government (香洲區政府). In support of Xiangzhou District Government's relocation work, the Group proposed to apportion a part of Qianshan Land to accommodate the relocation of demolished households. The Town Planning Department ("規劃局") supports the Enlarged Group's proposal in principle, and so in July 2018, the Enlarged Group submitted a plan to Xiangzhou District Government, Land Department and Town Planning Department to alter the town plan of Qianshan Land to accommodate for relocation of demolished households. The Land Department and Town Planning Department replied they will implement the Enlarged Group's proposed plan after Xiangzhou District Government have conducted a study and Zhuhai Municipal Government ("珠海市政府") have given its approval.

Zhuhai Doumen

The Enlarged Group holds a parcel of exhibition and commercial-use land located in Doumen district, Zhuhai, the PRC ("Doumen Land"). Doumen District Government ("斗門區政府") had proposed to buy back Doumen Land from the Enlarged Group due to a change in town planning and had offered a compensation to the Enlarged Group. However, the land certificate of Doumen Land was rescinded by Doumen District Government prior to reaching a consensus on compensation.

The management of the Enlarged Group questions the legality of Doumen District Government's actions regarding the change in town planning of Doumen Land and the unfair process of rescinding the land certificate. The Enlarged Group have appealed to the Supreme People's Court for retrial in March 2018, and the case is currently under review.

The Enlarged Group also filed for administrative reconsideration against Zhuhai Municipal Government regarding the unfair compensation decision on Doumen Land, which was a result of unjust valuation method. In response, the Land Department is reviewing the validity of its administrative actions and have canceled the original compensation decision. Since then, Doumen District Government and the Enlarged Group have mutually appointed an independent property valuer to reassess the compensation valuation of Doumen Land.

The Enlarged Group is engaged in ongoing legal proceedings with the government up to the date of approval of these consolidated financial statements. And though the outcome of litigation is uncertain and the amount of the compensation is yet to be concluded, it is not expected to cause a material negative impact on the daily operations or trading position of the Enlarged Group.

FINANCIAL INVESTMENTS

Worldwide economy and stocks markets were volatile in 2018. As of 31 December 2018, the Enlarged Group held approximately HK$1,240 million (2017: HK$1,481 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Enlarged Group for long-term investment purpose and to receive dividend income.

The Enlarged Group's equity investments recorded a net fair value loss of approximately HK$223 million (2017: gain of HK$335 million) when marking the investment portfolios to market valuation as of 31 December 2018, and dividend income of approximately HK$56 million (2017: HK$54 million).

The equity investments held by the Enlarged Group as at 31 December 2018 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2018	Percentage of shareholding as at 31 December 2018	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2018	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2018	Dividend income for the year ended 31 December 2018	Fair value/ carrying amount as at 31 December 2018	Percentage to the Enlarged Group's total asset as at 31 December 2018
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	16,250	0.51	413,543	–	(65,000)	15,438	423,313	3.47
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	5,743	0.03	385,760	–	(87,001)	22,969	372,124	3.05

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2018	Percentage of shareholding as at 31 December 2018	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2018	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2018	Dividend income for the year ended 31 December 2018	Fair value/ carrying amount as at 31 December 2018	Percentage to the Enlarged Group's total asset as at 31 December 2018
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	2,664	0.88	337,354	–	(42,091)	8,258	272,794	2.24
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	–	(13,478)	6,199	99,034	0.81
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	–	(1,326)	1,159	25,619	0.21
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	–	(7,910)	489	16,640	0.14
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2,378	0.01	24,819	–	(1,355)	419	11,604	0.09
	Other listed securities#				56,014	4,181	(8,645)	702	19,201	0.16
						4,181	(226,806)	55,633	1,240,329	10.17

Other listed securities mainly represented the Enlarged Group's investment in 14 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Enlarged Group as at 31 December 2018.

As at 31 December 2018, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may be affected by worldwide economy, volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes in market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Enlarged Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2018.

FOREIGN CURRENCY EXPOSURE

The Enlarged Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Enlarged Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Enlarged Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Enlarged Group and when appropriate hedge its currency risk. As of 31 December 2018, the Enlarged Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Enlarged Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and/or debt investments of approximately HK$1,240 million (2017: HK$1,481 million) as of 31 December 2018. The Enlarged Group's cash and cash equivalents as of 31 December 2018 amounted to approximately HK$426 million (2017: HK$384 million).

As of 31 December 2018, the Enlarged Group had total bank and other borrowings amounting to approximately HK$1,939 million (2017: HK$2,032 million), which were secured by legal charges on the Enlarged Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Enlarged Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 31 December 2018, ignoring the effect of any repayment on-demand clause, was as follows:

	HK$'000
Within one year	1,352,517
In the second year	214,553
In the third to fifth years, inclusive	371,772
Total	**1,938,842**

With the total bank and other borrowings of approximately HK$1,939 million (2017: HK$2,032 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK$10,619 million (2017: HK$10,121 million), the Enlarged Group's gearing ratio as at 31 December 2018 was around 18% (2017: 20%).

CONTINGENT LIABILITY

As of 31 December 2018, the Enlarged Group had no material contingent liability.

COMMITMENTS

As at 31 December 2018, the Enlarged Group had committed payment for the construction and land development expenditure amounting to approximately HK$43 million (2017: HK$104 million).

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2018, the Enlarged Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK$27 million (2017: HK$26 million).

The objective of the Enlarged Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The US Federal Reserve had increased the interest rate 4 times in 2018 (in March 2018, June 2018, September 2018 and December 2018 respectively.). As Hong Kong dollar is pegged to the United States dollar, Hong Kong may also increase its interest rate in the future. These factors may exert pressure on price of equity investments held by the Group, particularly in high-yield equity investments. Besides, the potential risks from the PRC economy may have a significant impact on Hong Kong's rental market.

The Hong Kong property market, and residential market in particular had experienced enduring growth over the past two years since the beginning of 2016. Although the business sector urges HK Government to withdraw the doubled ad valorem stamp duty (DSD) currently imposed on residential property transactions, the Government has no plan to remove the control measure with goal to stabilize the property market in Hong Kong.

Other factors such as stock market volatility, interest rate hikes and increased supply in government subsidized housing may also hinder the Group's development in the residential property market, resulting in a potential slide in the market value of its investment properties in Hong Kong.

Looking ahead to 2019, the global political and economic environment will inevitably be influenced due to the uncertainties over the US-China trade war and the ongoing Brexit negotiations. Even though it is expected that the economic growth in the PRC economy will remain slow-paced, the Group is still facing the challenge on the rising costs of operating in China, namely currency fluctuation, high wages, utility expenses, and increasing property refurbishment fees.

The Enlarged Group will continue to manage the business prudently in order to enhance operational quality, while at the same time seeking appropriate investment opportunities, with a view to increasing profitability and shareholder return.

For the year ended 31 December 2019:

Business Review

During the year under review, the Enlarged Group recorded a net profit of approximately HK$607 million (2018: HK$862 million). The Enlarged Group's rental income in Hong Kong recorded an increase of approximately 4% (2018: increase of 5%). The Enlarged Group's rental income from hotel-serviced apartments and villas in Shanghai recorded a decrease of approximately 4% (2018: remains stable). The Enlarged Group's equity investments recorded fair value gain of approximately HK$39 million (2018: loss of HK$223 million). Equity investments recorded dividend income of approximately HK$55 million (2018: HK$56 million). As the fair value gain of investment properties held by the Group is significantly lower (approximately 63%) than that for year 2018, the Enlarged Group's consolidated profit after tax for the year ended 31 December 2019 is lower (approximately 30%) than that for the corresponding period in year 2018.

PROPERTY INVESTMENT

Hong Kong

The Enlarged Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Benefited from increase in property market price in Hong Kong in 2019, the Enlarged Group's investment properties portfolio contributed stable rental revenue of approximately HK$72 million in 2019 (2018: HK$69 million). The Enlarged Group's new building at 54 Wong Chuk Hang Road is providing a stable source of income to the Group.

Shanghai, the PRC

The Enlarged Group's properties portfolio in Shanghai, the PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties have an average occupancy rate of approximately 88%, and generates rental and management fee revenue of approximately HK$146 million in 2019 (2018: HK$152 million).

Zhuhai, China

Zhuhai Qianshan

The Enlarged Group's 36,808 square meters of commercial-use land in Qianshan, Zhuhai, the PRC (the "Qianshan Land") is under relocation progress. In July 2015, a new relocation policy transferred the responsibility of relocation from the Land Department ("國土局") to the Xiangzhou District Government ("香洲區政府"). In support of the Xiangzhou District Government's relocation work, the Enlarged Group proposed to apportion a part of the Qianshan Land to accommodate the relocation of demolished households and had submitted the relevant written proposal to Xiangzhou District Government, the Land Department and the Town Planning Department ("規劃局") in July 2018. The Town Planning Department supports the Enlarged Group's proposal in principle. On 11 October 2019, the Xiangzhou District Government organised a meeting with the Enlarged Group and various government departments including the Land Department and the Town Planning Department, where the town plan of the Qianshan Land proposed by the Enlarged Group was discussed. The Enlarged Group is waiting for the feedback from relevant government departments.

Zhuhai Doumen

The Enlarged Group hold a parcel of exhibition and commercial-use land located in Doumen district, Zhuhai, the PRC (the "Doumen Land"). The Doumen District Government ("斗門區政府") bought back the Doumen Land from the Enlarged Group due to a change in town planning and had offered a compensation to the Enlarged Group. However, the land certificate of the Doumen Land was rescinded by the Doumen District Government prior to reaching a consensus on compensation.

The management of the Enlarged Group questions the legality of the Doumen District Government's actions regarding the change in town planning of the Doumen Land and the unfair process of rescinding the land certificate. The Enlarged Group have appealed to the Supreme People's Court for retrial in March 2018. The Supreme People's Court issued its judgment on 7 May 2019 to turn down the Enlarged Group's retrial application. During the hearing, however, the Supreme People's Court found that the Land Department's basis for determining compensation payable to the Enlarged Group was unreasonable and that the Enlarged Group have rights to file a separate lawsuit against the Land Department regarding such basis. On 19 March 2019, the Zhuhai Natural Resources Bureau ("珠海市自然資源局", previously known as the Land Department) revoked its original compensation decision which was found unreasonable by the Supreme People's Court.

On 16 October 2019, the Enlarged Group filed an administrative proceeding with the People's Court of Jinwan District, Zhuhai ("珠海市金灣區人民法院", the "Jinwan People's Court") against relevant government departments for their failure to provide reasonable compensation to the Enlarged Group in relation to the Doumen Land. Through the written judgement dated 27 December 2019, the Jinwan People's Court held that the Zhuhai Natural Resources Bureau's recovery of the Doumen Land without providing compensation was unlawful. The Zhuhai Natural Resources Bureau was ordered to compensate the Enlarged Group for its recovery of the Doumen Land within 60 days after the date which the judgment became enforceable (22 January 2020).

As of the date of approval of these consolidated financial statements, the Enlarged Group have not reached an agreement with the local government on the amount of compensation for the Doumen Land, but it is not expected to cause a material negative impact on the daily operations or trading position of the Enlarged Group.

FINANCIAL INVESTMENTS

Worldwide economy and stocks markets were volatile in 2019. As of 31 December 2019, the Enlarged Group held approximately HK$1,044 million (2018: HK$1,240 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity investments were held by the Enlarged Group for long-term investment purpose and to receive dividend income.

The Enlarged Group's equity investments recorded a net fair value gain of approximately HK$39 million (2018: loss of HK$223 million) when marking the investment portfolios to market valuation as of 31 December 2019, and dividend income of approximately HK$55 million (2018: HK$56 million).

The equity investments held by the Enlarged Group as at 31 December 2019 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019	Percentage of shareholding as at 31 December 2019	Investment cost	Realised Gain on change in fair value for the year ended 31 December 2019	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2019	Dividend income for the year ended 31 December 2019	Fair value/ carrying amount as at 31 December 2019	Percentage to the Enlarged Group's total asset as at 31 December 2019
			'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	7,850	0.25	196,381	16,097	18,840	15,113	223,333	1.79
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB).	5,743	0.03	385,760	–	(22,683)	22,938	349,441	2.79
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index	2,664	1.00	337,354	–	29,304	7,726	302,098	2.42
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	–	(1,465)	6,177	97,569	0.78
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	–	(3,349)	992	22,270	0.18
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	–	5,010	182	21,650	0.17
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas	2,378	0.01	24,819	–	(2,307)	448	9,297	0.07
	Other listed securities#				56,014	181	(872)	1,354	18,329	0.15
						16,278	22,478	54,930	1,043,987	8.35

Other listed securities mainly represented the Enlarged Group's investment in 14 companies whose shares were mainly listed on the main board of the Stock Exchange. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 31 December 2019.

As at 31 December 2019, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may be affected by worldwide economy, volatility in the PRC and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes in market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Enlarged Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2019.

FOREIGN CURRENCY EXPOSURE

The Enlarged Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Enlarged Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Enlarged Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Enlarged Group and when appropriate hedge its currency risk. As of 31 December 2019, the Enlarged Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Enlarged Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK$1,044 million (2018: HK$1,240 million) as of 31 December 2019. The Group's cash and cash equivalents as of 31 December 2019 amounted to approximately HK$539 million (2018: HK$426 million).

As of 31 December 2019, the Enlarged Group had total bank and other borrowings amounting to approximately HK$1,832 million (2018: HK$1,939 million), which were secured by legal charges on the Enlarged Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Enlarged Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 31 December 2019, ignoring the effect of any repayment on-demand clause, was as follows:

	HK$'000
Within one year	722,083
In the second year	810,000
In the third to fifth years, inclusive	300,000
Total	1,832,083

With the total bank and other borrowings of approximately HK$1,832 million (2018: HK$1,939 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK$10,964 million (2018: HK$10,619 million), the Enlarged Group's gearing ratio as at 31 December 2019 was around 17% (2018: 18%).

CONTINGENT LIABILITY

As of 31 December 2019, the Enlarged Group had no material contingent liability.

COMMITMENTS

As at 31 December 2019, the Enlarged Group had committed payment for the construction and land development expenditure amounting to approximately HK$43 million (2018: HK$43 million).

EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of the novel coronavirus (COVID-19) in early 2020, the global stock markets (including Hong Kong stock market) have fallen sharply due to the pessimistic sentiments of investors about the adverse impact brought by the pandemic on the global economy. The board of directors expects that the COVID-19 pandemic will inevitably bring negative effect on the Enlarged Group's business. However, due to the dynamic nature of the COVID-19 pandemic, it is difficult for the board of directors to estimate the extent of its impact on the Enlarged Group's business and financial position in 2020. The Board is closely monitoring the development of, and the disruptions to the global economy caused by, the COVID-19 pandemic and will timely assess and react actively to its impact on the operation and financial performance of the Enlarged Group. The Enlarged Group will issue announcements to make relevant disclosures as and when appropriate necessary.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2019, the Enlarged Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK$29 million (2018: HK$27 million).

The objective of the Enlarged Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The local social incidents since June 2019 have caused a decrease in market demand for local industrial and commercial properties and shops, resulting in an increase in vacancy rates and downward pressure on rent. Entering 2020, the novel coronavirus outbreak around the world has caused another shock to Hong Kong's externally oriented economy. In view of continuing deterioration in tenant affordability, the Enlarged Group is not optimistic about the performance of its investment property portfolio and rental income for the first half of 2020.

The tension in Sino-U.S. trade relations has eased since the two countries signed the first-phase trade agreement in January this year. However, since a final trade agreement between China and the U.S. has not been reached, significant uncertainties still exist with regard to the subsequent trade negotiations between the two countries. Furthermore, investors become pessimistic about the global economic outlook because of the worldwide spread of the novel coronavirus, causing fluctuations in global financial markets. The Enlarged Group's equity investment portfolio will inevitably be adversely affected by the above factors in the coming year.

The global economic environment has changed dramatically during the first three months of 2020 due to the novel coronavirus epidemic. Governments have been actively implementing measures to control the spread of the virus and to reduce the risk of economic recession. Accordingly, it is estimated that the economy of Hong Kong and the Mainland China may regain growth momentum and that market demand for local industrial and commercial properties and shops may begin to recover gradually once the epidemic is under control. On the other hand, the performance of the Enlarged Group's residential property rental business had been stable in the past. The impact of the epidemic on revenue of this segment is relatively small up until this moment. However, as the situation around the outbreak of the virus is changing all the time, the epidemic could have a material impact on the Enlarged Group's overall results for the year. The Enlarged Group will continue to operate its business prudently and to maintain a sound financial position.

The Enlarged Group will also cautiously explore opportunities and expand its investment portfolio with a view to increasing profitability and shareholder return.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Unit B, 12/F., CKK Commercial Centre
289 Hennessy Road, Wan Chai, Hong Kong
T: (852) 2811 1876 F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

30 June 2020

Multifield International Holdings Limited
Units 22-28, 25/F.,
Tower A, Southmark,
11 Yip Hing Street,
Wong Chuk Hang, Hong Kong

Oriental Explorer Holdings Limited
Unit 22-28, 25/F,
Tower A, Southmark,
11 Yip Hing Street,
Wong Chuk Hang, Hong Kong

Dear Sir/Madam,

Re: Valuation of Properties to be disposed by Multifield International Holdings Limited in Hong Kong and the People's Republic of China

In accordance with your instructions for us to value the property interests to be disposed as a result of the Multifield Disposal by Multifield International Holdings Limited ("**Multifield**") and its subsidiaries or associates (together with Multifield referred to as the "**Group**") in Hong Kong and the People's Republic of China (the "**PRC**"), we confirm that we have carried out 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 values of the property interests as at 31 March 2020 (the "**Date of Valuation**") for the purpose of incorporation in the Circular of Multifield dated 30 June 2020.

1. BASIS OF VALUATION

Our valuations of the property interests are our opinion of the market values of the concerned property interests which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

2. PROPERTY CATEGORIZATION

In the course of our valuations, the property interests held by the Group are categorized into the following groups:

- Group I (Properties held by the Group for Investment Purpose and to be disposed by the Group in Hong Kong); and

- Group II (Properties held by the Group for Investment Purpose and to be disposed by the Group in the PRC)

3. VALUATION METHODOLOGY

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

4. TITLE INVESTIGATION

For the property interests in Hong Kong, we have caused sample land searches to be made at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

For the property interests in the PRC, we have been provided with copies of extracts of title documents relating to the property interests. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group regarding the titles and other legal matters relating to the property interests. We have relied on the information and advice given by the Group and its legal adviser, Beijing Dentons (Tianjin) Law Firm, regarding the validity of titles of the properties and the interests of the Group in the properties.

We have also relied on the advice given by the Group that the Group has valid and enforceable title to the property interests which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

5. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no allowance has been made for the property interests to be sold in one lot or to a single purchaser.

6. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property interests, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property interests. All documents have been used for reference only.

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

7. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

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

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

8. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Hong Kong Dollars (HK$).

Summary of Values and our Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD(BA) MFin BCom(Property)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 15 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

SUMMARY OF VALUES

Group I – Properties held by the Group for Investment Purpose and to be disposed by the Group in Hong Kong

No.	Property	Market Value in Existing State as at 31 March 2020	Interest attributable to the Multifield Group	Market Value in Existing State Attributable to the Multifield Group as at 31 March 2020
1.	Ground Floor of Block 1B, Pine Villas, Nos.118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong	HK$9,300,000	100%	HK$9,300,000
2.	Multifield Centre, No.426 Shanghai Street, Kowloon, Hong Kong	HK$649,000,000	100%	HK$649,000,000
3.	Flat B on 30th Floor of Tower 6 and Private Cars Car Park No.58 on Car Park Level 2, Bel-Air on the Peak of Island South, No.68 Bel-Air Peak Avenue, Hong Kong	HK$18,300,000	100%	HK$18,300,000
4.	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor of Pacific Link Tower, Southmark, No.11 Yip Hing Street, Hong Kong	HK$124,700,000	100%	HK$124,700,000
5.	Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No.11 Yip Hing Street, Hong Kong	HK$3,200,000	100%	HK$3,200,000

SUMMARY OF VALUES

No.	Property	Market Value in Existing State as at 31 March 2020	Interest attributable to the Multifield Group	Market Value in Existing State Attributable to the Multifield Group as at 31 March 2020
6.	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor of Tower 2, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong	HK$52,500,000	100%	HK$52,500,000
7.	Car Parking Space No.1071 on the 1st Floor, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong	HK$3,300,000	100%	HK$3,300,000
8.	Whole of 4th, 5th, 8th and 9th Floors, Units B1 and B2 on 14th Floor and Car Parking Spaces Nos.1-4 and 10-21, Blue Box Factory Building, No.25 (Formerly No.15) Hing Wo Street, Hong Kong	HK$523,940,000	100%	HK$523,940,000
	Sub-Total:	**HK$1,384,240,000**		**HK$1,384,240,000**

SUMMARY OF VALUES

Group II – Properties held by the Group for Investment Purpose and to be disposed by the Group in the PRC

No.	Property	Market Value in Existing State as at 31 March 2020	Interest attributable to the Multifield Group	Market Value in Existing State Attributable to the Multifield Group as at 31 March 2020
9.	Units A to F on Level 16, Tower II, Innotect Tower, No.239 Nanjing Road, Heping District, Tianjin, The PRC	HK$22,300,000	100%	HK$22,300,000
	Sub-Total:	**HK$22,300,000**		**HK$22,300,000**
	Grand Total:	**HK$1,406,540,000**		**HK$1,406,540,000**

VALUATION CERTIFICATE

Group I – Properties held by the Group for Investment Purpose and to be disposed by the Group in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
1.	Ground Floor of Block 1B, Pine Villas, Nos.118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong 1/16th equal and undivided shares of and in Lot No. 361 in D.D. 376	The property comprises a residential unit on the ground floor of Block 1B of a villa-type house completed in about 1976. The gross floor area of the property is approximately 1,833 sq.ft. (or about 170.29 sq.m.). Lot No. 361 in D.D. 376 is held under New Grant No. 285 and it has been extended upon expiry until 30 June 2047 with a revised annual rent at 3% of the rateable value for the time being of the lot.	As advised by the Group, the property was subject to a tenancy for a term of 2 years expiring on 28 February 2021 at a monthly rent of HK$19,600.	HK$9,300,000 100% interest attributable to the Group: HK$9,300,000

Notes:

1. The registered owner of the property is Silver Nominees Limited vide Memorial No.TM762562 dated 28 January 1997.

2. The property is subject to Deed of Right of Way And Mutual Covenant vide Memorial No.TM158046 dated 21 June 1966.

3. Silver Nominees Limited is a wholly-owned subsidiary of Multifield.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
2.	Multifield Centre, No.426 Shanghai Street, Kowloon, Hong Kong Kowloon Inland Lot Nos.8032, 8182 and 8599.	The property comprises the whole building with loading and unloading spaces on the ground floor and office units on the upper floors of a 24-storey commercial building completed in 1996. The gross floor area of the property is approximately 46,351 sq.ft. (or about 4,306.11 sq.m.). Kowloon Inland Lot Nos.8032, 8182 and 8599 are held under Government Lease for a term of 150 years from 25 December 1887.	As advised by the Group, portion of the property was subject to various tenancies at a total monthly rent of about HK$954,478.50 with the latest expiry date on 28 February 2022. The remaining portion of the property was vacant.	HK$649,000,000 100% interest attributable to the Group: HK$649,000,000

Notes:

1. The registered owner of the property is Verywell Properties Limited vide Memorial No.UB5812349 dated 11 September 1993.

2. The property is subject to Deed of Release of Right of Way Re KIL 8599 vide Memorial No. UB6239823 dated 11 January 1995.

3. The property is subject to Deed of Release of Right of Way Re KIL 8182 vide Memorial No. UB6239824 dated 11 January 1995.

4. The property is subject to the following material encumbrances:

   a. Government Notice No. 7956 of 17.12.1999 Pursuant to Sec.23(2) vide Memorial No. UB7943921 dated 17 December 1999 (Remarks: The Government Rent and Premium (Apportionment) Ordinance (Cap.125) Re Kil 8182);

   b. License to Permit Five Categories of Offensive Trades vide Memorial No. 08042500490088 dated 9 April 2008 (Remarks: By District Lands Officer, Kowloon West); and

5. Verywell Properties Limited is a wholly-owned subsidiary of Multifield.

6. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
3.	Flat B on 30th Floor of Tower 6 and Private Cars Car Park No.58 on Car Park Level 2, Bel-Air on the Peak of Island South, No.68 Bel-Air Peak Avenue, Hong Kong 83/553324th equal and undivided shares of and in Section B of Inland Lot No. 8969	The property comprises a residential unit on 30th floor of a 39-storey residential building and a covered car parking space completed in about 2004. The gross floor area of the property is approximately 913 sq.ft. (or about 84.82 sq.m.). Section B of Inland Lot No. 8969 is held under Conditions of Grand No. UB12572 for a term of 50 years from 22 May 2000.	As advised by the Group, the property was subject to two tenancies at a total monthly rent of HK$38,800 with the latest expiry date on 31 January 2022.	HK$18,300,000 100% interest attributable to the Group: HK$18,300,000

Notes:

1. The registered owner of the property is Maxlord Limited vide Memorial No. 10092000890126 dated 31 August 2010.

2. Maxlord Limited is a wholly-owned subsidiary of Multifield.

3. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
4.	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor of Pacific Link Tower, Southmark, No.11 Yip Hing Street, Hong Kong 11438/750000th equal and undivided shares of and in Aberdeen Inland Lot No.423	The property comprises 12 office units on 20th floor of a 26-storey commercial building completed in about 1995. The gross floor area of the property is approximately 11,438 sq.ft. (or about 1062.62 sq.m.). Aberdeen Inland Lot No. 423 is held under Conditions of Sales No. 12188 from 17 December 1991 to 30 June 2047.	As advised by the Group, the property was subject to a tenancy for a term of 3 years at a current rent of HK$286,000 expiring on 31 May 2021.	HK$124,700,000 100% interest attributable to the Group: HK$124,700,000

Notes:

1. The registered owner of the property is Goodrich Properties Limited vide Memorial No. 05112501330036 dated 8 November 2005.

2. The property is subject to Deed of Mutual Covenant and Management Agreement vide Memorial No. UB6420264 dated 25 September 1995.

3. Goodrich Properties Limited is a wholly-owned subsidiary of Multifield.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
5.	Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No.11 Yip Hing Street, Hong Kong 500/750000th equal and undivided shares of and in Aberdeen Inland Lot No.423	The property comprises 2 car parking spaces on 2nd floor of a commercial building erected over a car park podium of 8-storey completed in about 1995. Aberdeen Inland Lot No. 423 is held under Conditions of Sales No. 12188 from 17 December 1991 to 30 June 2047	As advised by the Group, Car Parking Space No. 230 of the property was subject to a license agreement for a term of 1 year expiring on 30 September 2020 at a monthly license fee of HK$4,300. Car Parking Space No. 229 of the property was vacant as at the Date of Valuation.	HK$3,200,000 100% interest attributable to the Group: HK$3,200,000

Notes:

1. The registered owner of the property is Goodrich Properties Limited vide Memorial No. 11031801050013 dated 25 February 2011.

2. Goodrich Properties Limited is a wholly-owned subsidiary of Multifield.

3. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
6.	Flat A (Including Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor of Tower 2, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong 3455/1471404th equal and undivided shares of and in Ap Lei Chau Inland Lot No. 129	The property comprises a residential unit on 12th floor of a 28-storey residential building erected the over a 5-storey podium accommodating commercial spaces, car park and clubhouse completed in about 2010. The gross floor area of the property is approximately 2,423 sq.ft. (or about 225.10 sq.m.), inclusive of 51 sq.ft. (or about 4.74 sq.m.) of balcony, 25 sq.ft. (or about 2.32 sq.m.) of utility platform, 16 sq.ft. (or about 1.49 sq.m.) of bay window and 34 sq.ft. (or about 3.16sq.m.) of air-conditioning plant room. Ap Lei Chau Inland Lot No.129 is held under Conditions of Sales No.UB12337 from 25 January 1995 to 30 June 2047.	As advised by the Group, the property was vacant.	HK$52,500,000 100% interest attributable to the Group: HK$52,500,000

Notes:

1. The registered owner of the property is Conrad Shipping Limited vide Memorial No. 11061000930040 dated 17 May 2011.
2. Conrad Shipping Limited is a wholly-owned subsidiary of Multifield.
3. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
7.	Car Parking Space No.1071 on the 1st Floor, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong 25/1471404th equal and undivided shares of and in Ap Lei Chau Inland Lot No. 129	The property comprises a car parking space on the 1st floor of Larvotto completed in about 2010. Ap Lei Chau Inland Lot No. 129 is held under Conditions of Sales No. UB12337 from 25 January 1995 to 30 June 2047.	As advised by the Group, the property was vacant.	HK$3,300,000 100% interest attributable to the Group: HK$3,300,000

Notes:

1. The registered owner of the property is Conrad Shipping Limited vide Memorial No. 11061000930060 dated 17 May 2011.

2. The property is subject to Deed of Mutual Covenant and Management Agreement with Plans vide Memorial No. 11051702970220 dated 27 April 2011.

3. Conrad Shipping Limited is a wholly-owned subsidiary of Multifield.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
8.	Whole of 4th, 5th, 8th and 9th Floors, Units B1 and B2 on 14th Floor and Car Parking Spaces Nos.1-4 and 10-21, Blue Box Factory Building, No.25 (Formerly No.15) Hing Wo Street, Hong Kong 400/1414th undivided equal and undivided shares of and in Aberdeen Inland Lot No.306.	The property comprises the whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 14th Floor and 4 lorry parking spaces and 12 car parking spaces on Ground Floor of a 16-storey industrial building completed in about 1974. The gross floor area of the constituent units is approximately 81,720 sq.ft. (or about 7,591.97 sq.m.). Aberdeen Inland Lot No. 306 is held from the Government under Conditions of Sale No. 9646 for a term of 75 years commencing from 23 March 1970 renewable for 75 years.	As advised by the Group, the constituent units of the property were subject to various tenancies for a term of 2 years to 3 years at a total monthly rent of HK$686,700 with the latest expiry date on 25 March 2023. Portion of 4th Floor is vacant. The constituent car parking spaces is subject to various monthly license fee of HK$51,150 per month.	HK$523,940,000 100% interest attributable to the Group: HK$523,940,000

Note:

1. The registered owners, which are wholly-owned subsidiaries of Multifield, of the property are listed as follows:.

Premises	Owner	Memorial No.	Date
Unit A1 on 4th Floor	Tellink Development Limited	08070401570012	6 June 2008
Unit A2 on 4th Floor	Multifield Property Agency Limited	08070401570072	6 June 2008
Unit B1 on 4th Floor	Conrad Shipping Limited	08070201440027	6 June 2008
Unit B2 on 4th Floor	Golden Charter International Limited	08070401570041	6 June 2008
Unit A1 on 5th Floor	Silver Nominees Limited	08070201440054	6 June 2008
Unit A2 on 5th Floor	Lau & Partners Consultants Limited	08070201440116	6 June 2008
Unit B1 on 5th Floor	Grandfield Nominees Limited	08071501300011	20 June 2008
Unit B2 on 5th Floor	Goodrich Properties Limited	08071501300104	20 June 2008
Units A1, A2, B1 and B2 on 8th Floor	Silver Nominees Limited	08070201440081	6 June 2008
Unit A1 on 9th Floor	Tellink Development Limited	08070401570133	6 June 2008
Unit A2 on 9th Floor	Multifield Property Agency Limited	08070401570106	6 June 2008
Unit B1 on 9th Floor	Multifield Contracting Limited	08071501300070	20 June 2008
Unit B2 on 9th Floor	Lau & Partners Consultants Limited	08071501300049	20 June 2008
Unit B1 on 14th Floor	Grandfield Nominees Limited	08071501300144	20 June 2008
Unit B2 on 14th Floor	Goodrich Properties Limited	08071501300236	20 June 2008
CPS Nos. 1 to 4 on Ground Floor	Golden Charter International Limited	08071701110142	6 June 2008
CPS Nos. 10 to 15 on Ground Floor	Multifield Contracting Limited	08071701110118	6 June 2008
CPS Nos. 16 to 21 on Ground Floor	Tellink Development Limited	08070701110117	6 June 2008

VALUATION CERTIFICATE

Group II – Properties to be disposed by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
9.	Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, The PRC	The property comprises 6 units on Level 16 of a 26-storey residential/ commercial building erected on a 3-storey common shopping podium with landscaped garden on Level 4 and car park on 2 levels of basement. The property was completed in about 1996. The total gross floor area of the property is approximately 800.78 sq.m. (or about 8,619.60 sq.ft.). The land use rights of the land on which the property is erected have been granted for a term commencing on 25 July 1992 and expiring on 24 July 2062.	As advised by the Group, the property except for 4 units was subject to various tenancies for a total rent of RMB12,118 per month with the latest expiry date on 24 May 2021. The vacant units account for about 62.50% of the total gross floor area.	HK$22,300,000 100% interest attributable to the Group: HK$22,300,000

Notes:

1. Pursuant to 6 Certificates of Building Ownership Nos. 01173, 01174, 01175, 01176, 01178 and 01179 all issued by Tianjin Municipal Real Estate and Land Administration Bureau on 26 May 1997, the property is legally owned by Lau & Partners Consultants Limited.

2. We have been provided with a Legal Opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:

   a. Lau & Partners Consultants Limited is in possession of a proper legal title to the property;

   b. The property is not subject to mortgage or any other material encumbrances; and

   c. According to the relevant law of PRC, any possible mortgage or material encumbrances will not affect the transfer of property.

3. Lau & Partners Consultants Limited is a wholly-owned subsidiary of Multifield.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Unit B, 12/F., CKK Commercial Centre
289 Hennessy Road, Wan Chai, Hong Kong
T: (852) 2811 1876 F: (852) 3007 8501
W: www.raviagroup.com
E: general@raviagroup.com

30 June 2020

Multifield International Holdings Limited
Units 22-28, 25/F.,
Tower A, Southmark,
11 Yip Hing Street,
Wong Chuk Hang, Hong Kong

Oriental Explorer Holdings Limited
Unit 22-28, 25/F,
Tower A, Southmark,
11 Yip Hing Street,
Wong Chuk Hang, Hong Kong

Dear Sir/Madam,

Re: Valuation of Properties to be disposed by Oriental Explorer Holdings Limited in Hong Kong and the People's Republic of China

In accordance with your instructions for us to value the property interests to be disposed as a result of the OE Disposal by Oriental Explorer Holdings Limited (the "**Oriental Explorer**") and its subsidiaries or associates (together with the Oriental Explorer referred to as the "**OE Group**") in Hong Kong and the People's Republic of China (the "**PRC**"), we confirm that we have carried out 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 values of the property interests as at 31 March 2020 (the "**Date of Valuation**") for the purpose of incorporation in the Circular of the Oriental Explorer dated 30 June 2020.

1. BASIS OF VALUATION

Our valuations of the property interests are our opinion of the market values of the concerned property interests which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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

2. PROPERTY CATEGORIZATION

In the course of our valuations, the property interests held by the OE Group are categorized into the following groups:

- Group I (Properties held by the OE Group for Investment Purpose and to be disposed by the OE Group in Hong Kong); and

- Group II (Properties held by the OE Group for Investment Purpose and to be disposed by the OE Group in the PRC)

3. VALUATION METHODOLOGY

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

4. TITLE INVESTIGATION

For the property interests in Hong Kong, we have caused sample land searches to be made at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

For the property interests in the PRC, we have been provided with copies of extracts of title documents relating to the property interests. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the OE Group regarding the titles and other legal matters relating to the property interests. We have relied on the information and advice given by the OE Group and its legal adviser, Beijing Dentons (Zhuhai) Law Firm, regarding the validity of titles of the properties and the interests of the OE Group in the properties.

We have also relied on the advice given by the OE Group that the OE Group has valid and enforceable title to the property interests which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

5. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no allowance has been made for the property interests to be sold in one lot or to a single purchaser.

6. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the OE Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property interests, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property interests. All documents have been used for reference only.

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

7. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the OE Group and are therefore approximations.

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

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

8. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Hong Kong Dollars (HK$).

Summary of Values and our Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee
PhD(BA) MFin BCom(Property)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 15 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

SUMMARY OF VALUES

Group I – Properties held by the OE Group for Investment Purpose and to be disposed by the OE Group in Hong Kong

No.	Property	Market Value in Existing State as at 31 March 2020	Interest attributable to the OE Group	Market Value in Existing State Attributable to the OE Group as at 31 March 2020
1.	Shop No.2 on Ground Floor, Goldfield Building, Nos.42, 43 and 44 Connaught Road West and Nos.200 and 202 Wing Lok Street, Hong Kong	HK$24,700,000	18%	HK$4,446,000
2.	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 25th Floor, Pacific Link Tower, Southmark, No.11 Yip Hing Street, Hong Kong	HK$127,700,000	18%	HK$22,986,000
3.	Multi-storey Lorry Park of Ground Floor to Lower Ground 5 (G/F to LG1-5/F (Inclusive)), Southmark, No.11 Yip Hing Street, Hong Kong	HK$401,000,000	18%	HK$72,180,000
4.	Flat B (Including the Balcony thereof) on the 21st Floor of Tower 8, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong	HK$21,600,000	18%	HK$3,888,000
	Sub-Total:	**HK$575,000,000**		**HK$103,500,000**

SUMMARY OF VALUES

Group II – Properties held by the OE Group for Investment Purpose and to be disposed by the OE Group in the PRC

No.	Property	Market Value in Existing State as at 31 March 2020	Interest attributable to the OE Group	Market Value in Existing State Attributable to the OE Group as at 31 March 2020
5.	Windsor Park, No.2279 Hongqiao Road, Changning District, Shanghai, The PRC	HK$1,354,000,000	15.024%	HK$203,424,960
6.	Levels 1 and 2, Block B, Versailles de Shanghai, No.1, Lane 123 Fahuazhen Road, Changning District, Shanghai, The PRC	HK$12,400,000	5%	HK$620,000
7.	Windsor Place, Lane 2222 Jianhe Road, Changning District, Shanghai, The PRC	HK$3,460,000,000	18%	HK$622,800,000
	Sub-Total:	**HK$4,826,400,000**		**HK$826,844,960**
	Grand Total:	**HK$5,401,400,000**		**HK$930,344,960**

VALUATION CERTIFICATE

Group I – Properties held by the OE Group for Investment Purpose to be disposed by the OE Group in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
1.	Shop No.2 on Ground Floor, Goldfield Building, Nos.42, 43 and 44 Connaught Road West and Nos.200 and 202 Wing Lok Street, Hong Kong 4/62nd shares of and in Inland Lot No.7127, The Remaining Portion of Marine Lot No. 238, Section B, C, D and G of Praya Reclamation to Marine Lot No. 238 and the Remaining Portion of Marine Lot No. 240	The property comprises a shop unit on Ground Floor of a 13-storey commercial building completed in about 1973. The gross floor area of the property is approximately 1,300 sq.ft. (or about 120.77 sq.m.). Inland Lot No. 7127 is held from the Government under a Government Lease for a term of 999 years from 9 April 1901. Marine Lot Nos. 238, 240 are held from the Government under a Government Lease for a term of 999 years from 25 June 1871.	As advised by the OE Group, the property was subject to a tenancy for a term of 2 years expiring on 31 May 2022 at a monthly rent of HK$50,000.	HK$24,700,000 18% interest attributable to the OE Group: HK$4,446,000

Notes:

1. The registered owner of the property is Gain Power Consultants Limited vide Memorial No.11051901500023 dated 28 April 2011.

2. The property is subject to Deed of Mutual Covenant vide Memorial No.UB967684 dated 20 February 1973.

3. Oriental Explorer holds 18% interest in Gain Power Consultants Limited.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
2.	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 25th Floor of Pacific Link Tower, Southmark, No.11 Yip Hing Street, Hong Kong 11438/750000th equal and undivided shares of and in Aberdeen Inland Lot No.423	The property comprises 12 office units on 25th floor of a 26-storey commercial building completed in about 1995. The gross floor area of the property is approximately 11,438 sq.ft. (or about 1062.62 sq.m.). Aberdeen Inland Lot No. 423 is held under Conditions of Sales No. 12188 from 17 December 1991 to 30 June 2047.	As advised by the OE Group, the property was subject to various tenancies at a total monthly rent of HK$312,800 with the latest expiry date on 14 July 2021.	HK$127,700,000 18% interest attributable to the OE Group: HK$22,986,000

Notes:

1. The registered owner of the property is Chater Land Limited.

2. Oriental Explorer holds 18% interest in Chater Land Limited.

3. The site inspection was performed by Alan Lee, MHKIS in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
3.	Multi-storey Lorry Park of Ground Floor to Lower Ground 5 (G/F to LG1-5/F (Inclusive)), Southmark, No.11 Yip Hing Street, Hong Kong 162000/750000th equal and undivided shares of and in Aberdeen Inland Lot No. 423	The property comprises the 225 lorry car parking spaces on Ground Floor, LG1 to LG5 Floor of a commercial building erected over a car park podium of 8-storey completed in about 1995. Aberdeen Inland Lot No. 423 is held under Conditions of Sales No. 12188 from 17 December 1991 to 30 June 2047.	As advised by the OE Group, the property was subject to a management agreement in favor of Wilson Parking for a term of 3 years expiring on 31 August 2022. The total income from January 2020 to March 2020 was approximately HK$2,500,000	HK$401,000,000 18% interest attributable to the OE Group: HK$72,180,000

Notes:

1. The registered owner of the property is New Luck Management Limited vide Memorial No. 11051300470024 dated 18 April 2011.

2. The property is subject to Deed of Mutual Covenant and Management Agreement vide Memorial No. UB6420264 dated 25 September 1995.

3. Oriental Explorer holds 18% interest in New Luck Management Limited.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
4.	Flat B (Including the Balcony thereof) on the 21st Floor of Tower 8, Larvotto, No.8 Ap Lei Chau Praya Road, Hong Kong 1903/1471404th equal and undivided shares of and in Ap Lei Chau Inland Lot No. 129	The property comprises a residential unit on 21st floor of a 28-storey residential building erected over a 5-storey podium accommodating commercial spaces, car park and clubhouse completed in about 2010. The gross floor area of the property is approximately 1,315 sq.ft. (or about 122.17 sq.m.), inclusive of 31 sq.ft. (or about 2.88 sq.m.) of balcony. Ap Lei Chau Inland Lot No. 129 is held under Conditions of Sales No. UB12337 from 25 January 1995 to 30 June 2047.	As advised by the OE Group, the property was subject to a tenancy for a term of 2 years at a rent of HK$51,000 expiring on 19 May 2021.	HK$21,600,000 18% interest attributable to the OE Group: HK$3,888,000

Notes:

1. The registered owner of the property is Mark Rich Limited vide Memorial No. 11060700400031 dated 17 May 2011.

2. The property is subject to Deed of Mutual Covenant and Management Agreement with Plans vide Memorial No. 11051702970220 dated 27 April 2011.

3. Oriental Explorer holds 18% interest in Mark Rich Limited.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

Group II – Properties held by the OE Group for Investment Purpose and to be disposed by the OE Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
5.	Windsor Park, No. 2279 Hongqiao Road, Changning District, Shanghai, The PRC	The property comprises 56 villas and a clubhouse of a villa type development on a site with total site area of approximately 39,800 sq.m. (or about 428,407 sq.ft.) completed in about 1996. The total gross floor area of the property is approximately 16,625.45 sq.m. (or about 178,956 sq.ft.). The land use rights of the land on which the property is erected have been granted for a term of 62 years commencing on 21 November 2000 and expiring on 7 November 2062.	As advised by the OE Group, the property except for 1 villa was subject to various tenancies for a term of 1 year to 3 years at a total rent of RMB2,548,997 per month with the latest expiry date on 5 November 2022. The clubhouse is operated by the owner serving exclusively the residents thereof. The vacant units account for about 1.92% of the total gross floor area.	HK$1,354,000,000 15.024% interest attributable to the OE Group: HK$203,424,960

Notes:

1. Pursuant to the Certificates of Real Estate Ownership (滬房地長字(2003) 第 016870 號) in respect of the site issued by Shanghai Municipal Building and Land Administration Bureau on 14 July 2003, the property is legally owned by Good Connection Investments Limited (極通投資有限公司).

2. Pursuant to the Contract for Transfer of a small parcel of land at the southern part of Windsor Park entered into between Good Connection Investment Limited ("**Party A**") and 南空軍隊幹部住房中心上海辦事處 ("**Party B**"), Party A agreed to transfer portion of the land of the property with a site area of 75 sq.m. to Party B at RMB270,000. We are of the opinion that the above-mentioned disposal of the land portion, which is vacant, will not affect the completeness and, more importantly, the total gross floor area of the property.

3. The breakdown areas of the property are as follows:

Premises	Approximate Gross Floor Area	
	(sq.m.)	*(sq.ft.)*
56 villas	14,831.95	159,651
Clubhouse	1,410.86	15,186
Others	382.64	4,119
Total:	16,625.45	178,956

4. We have been provided with a Legal Opinion on the property prepared by the OE Group's legal adviser, which contains, inter alia, the following information:

   a. Good Connection Investments Limited is in possession of a proper legal title to the property;

   b. The property is not subject to any material encumbrances except mortgage and let;

   c. The rights of pre-emptive as stated in the supplementary tenancy agreements were not exercised;

   d. OE Group's legal adviser was unable to verify the write-off of mortgage under Note Nos. Shi2002009298 and Shi2002009299 dated 15 October 2009. There are no legal obstacles for Good Connection Investments Limited to transfer, let, mortgage or other ways to dispose the property given that the property is not subject to mortgage; and

   e. As advised by Good Connection Investments Limited, the property is not subject to mortgage.

5. Oriental Explorer holds 15.024% interest in Good Connection Investments Limited.

6. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
6.	Levels 1 and 2, Block B, Versailles de Shanghai, No. 1, Lane 123 Fahuazhen Road, Changning District, Shanghai, The PRC	The property comprises two floors of office spaces of a 23-storey luxury residential twin block complex development. The property was completed in about 1996. The total gross floor area of the property is approximately 583.10 sq.m. (or about 6,276 sq.ft.). The land use rights of the property have been granted for a term of 65 years commencing on 26 February 1997 and expiring on 7 October 2062.	As advised by the OE Group, the property except for 2 units which were vacant was subject to a tenancy for a term of 3 years expiring on 30th September 2021 at a monthly rent of RMB33,292.43. The vacant units amount for about 34.92% of the total gross floor area.	HK$12,400,000 5% interest attributable to the OE Group: HK$620,000

Notes:

1. Pursuant to the Certificate of Real Estate Ownership No. 滬房地長字(2011)第 001271 號 issued by Shanghai Municipal Building and Land Administration Bureau on 26 January 2011, the property is legally owned by Fortune Text Holdings Limited.

2. We have been provided with a Legal Opinion on the property prepared by the OE Group's legal adviser, which contains, inter alia, the following information:

   a. Fortune Text Holdings Limited is in possession of a proper legal title to the property;

   b. The property is not subject to mortgage or any other material encumbrances; and

   c. There are no legal obstacles for Fortune Text Holdings Limited to transfer, let, mortgage or other ways to dispose the property.

3. Oriental Explorer holds 5% interest in Fortune Text Holdings Limited.

4. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
7.	Windsor Place, Lane 2222 Jianhe Road, Changning District, Shanghai, The PRC	The property comprises 126 blocks of detached garden houses and semi-detached town houses together with a clubhouse. The property was completed in 2001. The total gross floor area of the property is approximately 41,690.61 sq.m. (or about 448,758 sq.ft.). The land use rights of the property have been granted for a term of 70 years commencing on 23 June 1997 and expiring on 22 June 2067 for residential use.	As advised by the OE Group, the property except for 6 villas which was vacant was subject to various tenancies for a term of 1 to 3 years at a total rent of RMB5,997,570 per month with the latest expiry date on 10 April 2023. The clubhouse is operated by the owner serving exclusively the residents thereof. The vacant units account for about 4.66% of the total gross floor area.	HK$3,460,000,000 18% interest attributable to the OE Group: HK$622,800,000

Notes:

1. Pursuant to the Certificates of Real Estate Ownership (滬房地長字 (2005) 第 011161 號) in respect of the site issued by Shanghai Municipal Building and Land Administration Bureau on 22 April 2005, the property is legally owned by Ever Ford Development Limited.

2. The breakdown areas of the property are as follows:

Premises	Approximate Gross Floor Area	
	(sq.m.)	*(sq.ft)*
126 Villas	39,595.48	426,206
Clubhouse	1,308.87	14,089
Others	786.26	8,463
Total:	41,690.61	448,758

3. We have been provided with a Legal Opinion on the property prepared by the OE Group's legal adviser, which contains, inter alia, the following information:

    a. Ever Ford Development Limited is in possession of a proper legal title to the property;

    b. The property is not subject to any material encumbrances except mortgage and let. There are no legal obstacles for Ever Ford Development Limited to transfer, let, mortgage or other ways to dispose the property;

    c. The rights of pre-emptive as stated in the supplementary tenancy agreements were not exercised; and

    d. Further to legally write-off the mortgage, Ever Ford Development Limited can transfer, let, mortgage or other ways to dispose the property according to relevant law and regulations.

4. Oriental Explorer holds 18% interest in Ever Ford Development Limited.

5. The site inspection was performed by Alan Lee, *MHKIS* in 2019.

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Long position in Shares

Name of Director	**Capacity and nature of interest**	**Number of Shares held**	**Approximate percentage of the issued share capital of the Company** *(%)*
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	2,797,055,712*	66.91

Long position in ordinary shares of associated corporation – Oriental Explorer, a subsidiary of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	1,729,540,999*	64.06

Notes:

* The above shares in Oriental Explorer are ultimately controlled by Power Resources Holdings Limited which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company that they were interested in 5% or more of the issued share capital of the Company.

Name of shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Power Resources Holdings Limited	Interest of controlled corporation	2,797,055,712#	66.91
Lucky Speculator Limited	Directly beneficially owned	2,195,424,000#	52.52
Desert Prince Limited	Directly beneficially owned	601,631,712#	14.39

Notes:

Power Resources Holdings Limited was deemed to have a beneficial interest in 2,797,055,712 Shares by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.

Save as disclosed above, the Company has not been notified of any other person who had an interest or short position in the shares or underlying shares of the Company as at the Latest Practicable Date, which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, the particulars of litigation or claims of material importance pending or threatened against members of the Enlarged Group are as follows:-

Zhuhai Doumen

The Enlarged Group hold a parcel of exhibition and commercial-use land located in Doumen district, Zhuhai, the PRC (the "**Doumen Land**"). The Doumen District Government ("斗門區政府") bought back the Doumen Land from the Enlarged Group due to a change in town planning and had offered a compensation to the Enlarged Group. However, the land certificate of the Doumen Land was rescinded by the Doumen District Government prior to reaching a consensus on compensation.

The management of the Enlarged Group questions the legality of the Doumen District Government's actions regarding the change in town planning of the Doumen Land and the unfair process of rescinding the land certificate. The Enlarged Group have appealed to the Supreme People's Court for retrial in March 2018. The Supreme People's Court issued its judgment on 7 May 2019 to turn down the Enlarged Group's retrial application. During the hearing, however, the Supreme People's Court found that the Land Department's basis for determining compensation payable to the Enlarged Group was unreasonable and that the Enlarged Group have rights to file a separate lawsuit against the Land Department regarding such basis. On 19 March 2019, the Zhuhai Natural Resources Bureau ("珠海市自然資源局", previously known as the Land Department) revoked its original compensation decision which was found unreasonable by the Supreme People's Court.

On 16 October 2019, the Enlarged Group filed an administrative proceeding with the People's Court of Jinwan District, Zhuhai ("珠海市金灣區人民法院", the "**Jinwan People's Court**") against relevant government departments for their failure to provide reasonable compensation to the Enlarged Group in relation to the Doumen Land. Through the written judgement dated 27 December 2019, the Jinwan People's Court held that the Zhuhai Natural Resources Bureau's recovery of the Doumen Land without providing compensation was unlawful. The Zhuhai Natural Resources Bureau was ordered to compensate the Enlarged Group for its recovery of the Doumen Land within 60 days after the date which the judgment became enforceable (22 January 2020).

As at the Latest Practicable Date, the Enlarged Group have not reached an agreement with the local government on the amount of compensation for the Doumen Land, but it is not expected to cause a material negative impact on the daily operations or trading position of the Enlarged Group.

Save as those disclosed above, no member of the Enlarged Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Enlarged Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest direct or indirect, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and is significant in relation to the business of the Enlarged Group.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have provided their advice for inclusion in this circular:

Name	Qualification
Ravia Global Appraisal Advisory Limited ("Ravia")	an independent property valuer
HLB Hodgson Impey Cheng Limited ("HLB")	Certified Public Accountants

Each of Ravia and HLB has given and has not withdrawn its respective written consents to the issue of this circular with the inclusion of its letter, summary of value and valuation certificate and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of Ravia and HLB was not interested beneficially or otherwise in any Shares or securities in any of the subsidiaries or associated corporations (within the meaning of Part XV of the SFO) of the Company and the OE Disposal Company and did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of the subsidiaries or associated corporations of the Company and the OE Disposal Company nor did they have any interests, either direct or indirect, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date:

(i) the Master Agreement;

(ii) the Sale and Purchase Agreement dated 23 August 2019 entered into between the Benefit Properties Sdn. Bhd., an indirect wholly-owned subsidiary of the Company (as purchaser) and Horizon KLPO Sdn. Bhd. (as vendor), pursuant to which Benefit Properties Sdn. Bhd. conditionally agreed to purchase, and Horizon KLPO Sdn. Bhd. conditionally agreed to sell, the Freehold land held under individual title Geran (Grant) No.333413, Lot No.119239, Mukim Dengkil (Dengkil Sub-district), Daerah Sepang (Sepang District), Negeri Selangor (Selangor State), Malaysia, at the consideration of Malaysian ringgit 66,500,000 (equivalent to approximately HK$124,438,125), details of which are disclosed in the announcement of the Company dated 23 August 2019; and

(iii) the Deed of Guarantee dated 17 May 2019 executed by the Company (with limited amount of HK$612,000,000) in favour of the Bank of China (Hong Kong) Limited as security for the due performance of obligations of Ever Ford Development Limited, an indirect non-wholly-owned subsidiary of the Company.

10. MISCELLANEOUS

(a) Mr. Li Ying Leung is the company secretary of the Company. He is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong is at Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.

(c) The Hong Kong branch share registrar of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) this circular;

(b) the memorandum of association and Bye-laws of the Company;

(c) the annual reports of the Company for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively;

(d) the property valuation report set out in Appendix VII to this circular;

(e) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(f) the written consents referred to in the paragraph headed "Qualification and Consent of Experts" in this Appendix;

(g) the accountants' report on the financial information of the OE Disposal Company from HLB, the text of which is set out in Appendix II of this circular;

(h) the review report of the financial information of the Multifield Disposal Group from HLB, the text of which is set out in Appendix IV of this circular; and

(i) the unaudited pro forma financial information of the Enlarged Group and the independent reporting accountants' assurance report from HLB, the text of which is set out in Appendix V of this circular.

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Multifield International Holdings Limited (the "**Company**") will be held at Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, on Thursday, 23 July 2020 at 4:00 p.m. to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. "**THAT**

   (a) the Master Agreement (the "**Master Agreement**") dated 11 June 2020 entered into between the Company and Oriental Explorer Holdings Limited ("**Oriental Explorer**") in relation to (i) the acquisition of Linkful Strategic Investment Limited by the Company; (ii) the disposal of Reach Profit Investments Limited by the Company; and (iii) the subscription of 1,181,836,004 shares in Oriental Explorer by the Company and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

   (b) any director of the Company be and is hereby authorised to take any step and execute such documents as he considers necessary, desirable or expedient to carry out or give effect to the Master Agreement or the transactions contemplated thereunder."

By order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 30 June 2020

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the SGM, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the SGM or any adjournment of the SGM. In such event, his/her form of proxy will be deemed to have been revoked.

2. A form of proxy for the SGM is enclosed to the notice of the SGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Company's Hong Kong branch share registrar, Tricor Tengis 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 or any adjournment of the SGM.

3. The register of members of the Company will be closed from Monday, 20 July 2020 to Thursday, 23 July 2020 (both dates inclusive) for the purposes of determining the entitlements of the members of the Company to attend and vote at the SGM. No transfer of the shares of the Company may be registered during the said period. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 17 July 2020, Friday.

4. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the above resolution will be voted by way of poll; shareholders of the Company who have material interests (within the meaning of the Listing Rules) in the transactions to be approved by the above resolution are required to abstain from voting in the above resolution.

As at the date of this notice, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum and Mr. Tsui Ka Wah.