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Great Wall Belt & Road Holdings Limited
長城一帶一路控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 524)

AUDITED FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS FOR THE YEAR

- The Group's revenue for the Year amounted to approximately HK\$72.4 million, representing a decrease of approximately 8.6% from approximately HK\$79.2 million in 2019. The overall gross margin of the Group for the Year dropped to approximately 7.9% (2019: approximately 17.0%).
- The Group recorded net unrealised loss on financial assets at FVTPL of approximately HK\$0.6 million for the Year (2019: approximately HK\$54.5 million of net unrealised loss and approximately HK\$60.6 million of net realised loss on financial assets at FVTPL).
- The Group recorded other income of approximately HK\$37.2 million arising from the setting off of outstanding balance of consideration of that amount against losses suffered by the Group in connection with its acquisition of Diamond Frontier Investments Limited in 2016.
- The consolidated profit attributable to owners of the Company for the Year amounted to approximately HK\$16.9 million, compared to loss of approximately HK\$219.0 million for the previous year.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

RESULTS

The board (the “Board”) of directors (the “Directors”) of Great Wall Belt & Road Holdings Limited (the “Company”) herein announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year end 31 December 2020, together with comparative figures for 2019, as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>3</i>	72,376	79,210
Cost of sales		<u>(66,623)</u>	<u>(65,719)</u>
Gross profit		5,753	13,491
Other revenue and income	<i>4</i>	<u>43,388</u>	<u>1,761</u>
		49,141	15,252
Selling and distribution expenses		(787)	(1,578)
Business promotion and marketing expenses		(157)	(150)
Operation and administrative expenses		(24,653)	(34,998)
Other operating expenses		<u>(516)</u>	<u>(19,339)</u>
Profit (loss) from operations		23,028	(40,813)
Loss allowances on			
– Trade receivables		(515)	(4,784)
– Other receivables		(3,282)	(31,349)
Impairment losses on property, plant and equipment		(86)	(94)
Impairment losses on right-of-use assets		(1,632)	(2,517)
Impairment losses on intangible assets		–	(32,393)
Impairment losses on goodwill		–	(7,341)
Net realised loss on financial assets at FVTPL		–	(60,593)
Net unrealised loss on financial assets at FVTPL		(552)	(54,523)
Write off of property, plant and equipment		–	(16)
Gain on disposal of property, plant and equipment		12	232
Gain on disposal of an associate		–	195
Finance costs		<u>(192)</u>	<u>(119)</u>
Profit (loss) before taxation	<i>5</i>	16,781	(234,115)
Income tax credit	<i>6</i>	<u>103</u>	<u>8,943</u>
Profit (loss) for the year		<u>16,884</u>	<u>(225,172)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2020

	2020	2019
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year attributable to:		
Owners of the Company	16,851	(219,027)
Non-controlling interests	<u>33</u>	<u>(6,145)</u>
	<u>16,884</u>	<u>(225,172)</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	<i>7</i>	
Basic and diluted	<u>1.6</u>	<u>(20.9)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year	<u>16,884</u>	<u>(225,172)</u>
Other comprehensive income (expense) for the year		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value loss of Designated FVTOCI	(261)	(279)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Derecognition of exchange reserve upon deregistration of a subsidiary	–	62
Exchange differences on translation of foreign subsidiaries	2,975	(455)
Share of other comprehensive loss of associates – Exchange difference on translation	–	<u>(1,002)</u>
Other comprehensive income (expense) for the year	<u>2,714</u>	<u>(1,674)</u>
Total comprehensive income (expense) for the year	<u><u>19,598</u></u>	<u><u>(226,846)</u></u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	19,731	(220,713)
Non-controlling interests	<u>(133)</u>	<u>(6,133)</u>
Total comprehensive income (expense) for the year	<u><u>19,598</u></u>	<u><u>(226,846)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		154	202
Right-of-use assets		–	–
Intangible assets		–	–
Goodwill		–	–
Interest in associates		–	56,079
Designated FVTOCI		2,123	2,384
		<hr/> 2,277	<hr/> 58,665
Current assets			
Financial assets at FVTPL		896	1,571
Trade and other receivables	8	12,343	12,813
Tax recoverable		55	52
Pledged bank deposits		755	738
Bank balances and cash		33,238	6,672
		<hr/> 47,287	<hr/> 21,846
Assets classified as disposal group held for sale	9	59,188	–
		<hr/> 106,475	<hr/> 21,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	85,443	75,560
Lease liabilities		932	3,052
		86,375	78,612
Liabilities classified as disposal group held for sale	<i>9</i>	166	–
		86,541	78,612
Net current assets (liabilities)		19,934	(56,766)
Total assets less current liabilities		22,211	1,899
Non-current liabilities			
Lease liabilities		714	–
NET ASSETS		21,497	1,899
Capital and reserves			
Share capital	<i>11</i>	10,503	10,503
Reserves		14,243	(5,488)
Equity attributable to owners of the Company		24,746	5,015
Non-controlling interests		(3,249)	(3,116)
TOTAL EQUITY		21,497	1,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of these consolidated financial statement is historical cost, except for financial assets at FVTPL and Designated FVTOCI, which measured at fair value.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of *the Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

New and amendment to HKFRSs in issue but not yet effective

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

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

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

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

³ Effective date to be determined.

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

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

The directors of the 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. REVENUE AND SEGMENT INFORMATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
Telecommunication services income	72,376	75,054
Financial payment processing solution and software development income	—	4,156
	72,376	79,210

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Telecommunication services		Financial payment processing solution and software development services and distribution business		Total	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Timing of revenue recognition:</i>						
– at a point in time	61,807	65,330	—	—	61,807	65,330
– over time	10,569	9,724	—	4,156	10,569	13,880
	72,376	75,054	—	4,156	72,376	79,210

The Group's management, who are the chief operating decision makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services, financial payment processing solution and software development services and distribution business through e-commerce platform, and property development and tourism.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly Designated FVTOCI, financial assets at FVTPL and bank balances and cash. All liabilities are allocated to reportable segments other than corporate liabilities.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments

Segment results

	Telecommunication services		Financial payment processing solution and software development services and distribution business		Property development and tourism		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
External sales	<u>72,376</u>	<u>75,054</u>	<u>-</u>	<u>4,156</u>	<u>-</u>	<u>-</u>	<u>72,376</u>	<u>79,210</u>
Results								
Segment results	<u>(1,086)</u>	<u>(5,347)</u>	<u>225</u>	<u>(70,389)</u>	<u>(4)</u>	<u>(22)</u>	<u>(865)</u>	<u>(75,758)</u>
Finance costs	<u>(3)</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(34)</u>
	<u>(1,089)</u>	<u>(5,381)</u>	<u>225</u>	<u>(70,389)</u>	<u>(4)</u>	<u>(22)</u>	<u>(868)</u>	<u>(75,792)</u>
Unallocated other operating income and expenses							<u>17,649</u>	<u>(158,323)</u>
Profit (loss) before taxation							<u>16,781</u>	<u>(234,115)</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) By business segments (Continued)

Segment assets and liabilities

	Telecommunication services		Financial payment processing solution and software development services and distribution business		Property development and tourism		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Assets before following items:	15,943	11,000	484	365	-	108	16,427	11,473
Interests in associates	-	-	-	-	-	56,079	-	56,079
Segment assets	<u>15,943</u>	<u>11,000</u>	<u>484</u>	<u>365</u>	<u>-</u>	<u>56,187</u>	<u>16,427</u>	<u>67,552</u>
Assets classified as disposal group held for sale							59,188	-
Unallocated assets							<u>33,137</u>	<u>12,959</u>
Consolidated total assets							<u>108,752</u>	<u>80,511</u>
Liabilities								
Segment liabilities	<u>(12,862)</u>	<u>(10,872)</u>	<u>(1,033)</u>	<u>(1,211)</u>	<u>-</u>	<u>(188)</u>	<u>(13,895)</u>	<u>(12,271)</u>
Liabilities classified as disposal group held for sale							(166)	-
Unallocated liabilities							<u>(73,194)</u>	<u>(66,341)</u>
Consolidated total liabilities							<u>(87,255)</u>	<u>(78,612)</u>

4. OTHER REVENUE AND INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income from bank	18	141
Interest income arising from financial assets at FVTPL	–	20
Income from office sharing	–	699
Write back of other payables	1,014	–
Forfeited deposit	2,825	–
Government subsidy	1,317	–
Compensation entitled (<i>Note</i>)	37,172	–
Others	1,042	901
	<u>43,388</u>	<u>1,761</u>

Note:

A wholly owned subsidiary of the Company claimed for the losses against the vendor of Diamond Frontier Investments Limited by the issuance of claim notice in the sum of approximately RMB31,578,000 (equivalent to approximately HK\$37,172,000) during the year. The Directors obtained a legal opinion that since the vendor did not response to the claim notice within the prescribed timeframe, then vendor is deemed to have agreed with the claimed amount as stated in the claim notice (the “Deemed Agreed Claim Amount”) and the remaining balance of consideration payable by the Group for the purchase of Diamond Frontier Investments Limited recorded in other payable is entitled to offset the Deemed Agreed Claim Amount. Please refer to the announcement published by the Company on 12 June 2020 for further detail.

5. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is stated after charging the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(a) Finance costs		
Interest expenses on lease liabilities	35	119
Interest expenses on loan from a director	157	–
	<u>192</u>	<u>119</u>
(b) Other items		
Employee salaries and other benefits (including directors' emoluments)	13,717	17,768
Retirement benefit scheme contributions	652	1,048
	<u>14,369</u>	<u>18,816</u>
Auditors' remuneration	1,323	2,065
Cost of services provided	66,623	65,719
Depreciation of:		
– property, plant and equipment	190	573
– right-of-use assets	176	3,302
Amortisation of intangible assets (included in other operating expenses)	–	14,942
Lease expenses on short-term leases	750	904
Exchange loss, net	150	11
	<u>150</u>	<u>11</u>

6. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a profit (loss) for taxation purpose in Hong Kong during the years ended 31 December 2020 and 2019.

Overseas (including the PRC and Singapore) taxation represents income tax provisions in respect of certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Overseas income taxes		
– Current year	–	(722)
– Over-provision in prior year	<u>103</u>	<u>–</u>
	<u>103</u>	<u>(722)</u>
Deferred tax		
Reversal of temporary differences		
– Depreciation allowances	<u>–</u>	<u>9,665</u>
Total income tax credit	<u><u>103</u></u>	<u><u>8,943</u></u>

7. EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share for the year is based on the consolidated profit attributable to owners of the Company of approximately HK\$16,851,000 (2019: loss attributable to owners of the Company of approximately HK\$219,027,000) and the number of 1,050,280,000 (2019: 1,050,280,000) ordinary shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior year and, therefore, the diluted earnings (loss) per share is the same as basic earnings (loss) per share for the years presented.

8. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables		19,770	15,559
Loss allowances on trade receivables		<u>(9,229)</u>	<u>(9,332)</u>
	<i>(a)</i>	<u>10,541</u>	<u>6,227</u>
Other receivables		37,234	37,538
Loss allowances on other receivables		<u>(35,432)</u>	<u>(30,952)</u>
		<u>1,802</u>	<u>6,586</u>
		<u>12,343</u>	<u>12,813</u>

8. TRADE AND OTHER RECEIVABLES (Continued)

Note:

- (a) The Group's credit terms on sales mainly ranged from 30 to 90 days. Trade receivables (net of loss allowances) with the following ageing analysis by invoice date:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 month	8,963	4,625
1 to 3 months	409	875
More than 3 months but less than 12 months	312	286
More than 12 months	857	441
	<u>10,541</u>	<u>6,227</u>

9. DISPOSAL GROUP HELD FOR SALE

On 20 November 2020, the Company and the purchaser entered into a sales and purchase agreement, pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to acquire the entire issued share capital of a subsidiary of the Company (the "Target Company") for a cash consideration of RMB47,500,000 (approximately of HK\$56,050,000). The Target Company also holds 25% and 35% of the equity interests in two associate companies of the Group.

The financial results of those two associate companies have not been consolidated in the results of the Group and have been accounted for using the equity method. Immediately after the Disposal, the Group will cease to hold any interest in the Target Company and those two associate companies.

Assets and liabilities of the Disposal Group were classified as "Assets classified as disposal group held for sale" and "Liabilities classified as disposal group held for sale" respectively in accordance with HKFRS 5 as at 31 December 2020.

Assets classified as disposal group held for sale

	As at 31 December 2020 <i>HK\$'000</i>
Interests in associates	59,084
Bank balances and cash	<u>104</u>
Total assets of the disposal group held for sale	<u>59,188</u>

9. DISPOSAL GROUP HELD FOR SALE (Continued)

Liabilities classified as disposal group held for sale

	As at 31 December 2020 HK\$'000
Other payables	<u>166</u>
Total liabilities of the disposal group held for sale	<u><u>166</u></u>

10. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Trade payables	<u>7,277</u>	<u>3,925</u>
Other payables		
Accrued charges and other creditors	20,364	17,253
Contract liabilities	1,134	1,579
Consideration payable	–	37,172
Deposits received	100	–
Deposits received for disposal of a subsidiary	28,025	–
Due to former directors	12,833	12,393
Due to associates	–	398
Loans from directors	<u>15,710</u>	<u>2,840</u>
	<u>78,166</u>	<u>71,635</u>
	<u><u>85,443</u></u>	<u><u>75,560</u></u>

10. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade payables by invoice date is summarised as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 1 month	4,158	968
1 to 3 months	1,066	1,483
More than 3 months but less than 12 months	692	416
More than 12 months	1,361	1,058
	<u>7,277</u>	<u>3,925</u>

11. SHARE CAPITAL

	Number of Shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
Balance as at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>12,000,000,000</u>	<u>120,000</u>
Issued and fully paid:		
Balance as at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>1,050,280,000</u>	<u>10,503</u>

12. EVENTS AFTER THE REPORTING PERIOD

i) Major transaction in relation to the disposal of a subsidiary

Pursuant to the Company's announcement dated 20 November 2020 and circular dated 24 February 2021, on 20 November 2020 the Company entered into a sale and purchase agreement with the purchaser, an independent third party, in relation to the proposed disposal of the entire issued share capital of a wholly owned subsidiary, B&R Investment Holding Limited, for a cash consideration of RMB47,500,000 (approximately of HK\$56,050,000). The transaction is completed on 19 March 2021.

ii) Major transaction in relation to the acquisition of a target company

Pursuant to the Company's announcement dated 3 March 2021, the Company and the vendor entered into a provisional agreement pursuant to which the Company has conditionally agreed to buy and the vendor has conditionally agreed to sell the entire issued share capital of Palico Development Limited and the sale loan for an aggregate consideration of HK\$51,750,000, subject to adjustments, which is payable in cash. As of the date of this announcement, the transaction has not yet completed.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract from the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2020.

In our opinion, except for the possible effects of the matters described in the “Basis for Qualified Opinion” section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Opening balance and corresponding figures

The consolidated financial statements of the Company for the year ended 31 December 2019 were audited by other auditors (the “Predecessor Auditors”), who expressed a qualified opinion on 15 May 2020. The Predecessor Auditors were unable to satisfy themselves about i) the recoverability of trade receivables of HK\$4,196,000 and other receivables of HK\$16,691,000 (“Trade and Other Receivables”) and ii) the validity and recoverability of the payments to several debtors in aggregate of approximately HK\$5,090,000 (“Payments to Debtors”) as recorded in the other receivables, and unable to determine whether any adjustments to the full loss allowances recognised during the year ended 31 December 2019 in respect of the trade and other receivables were necessary, which might have a significant impact on the Group’s financial position as at 31 December 2019, and its financial performance and the elements making up the consolidated statement of cash flows for the year ended 31 December 2019 and related disclosures in the consolidated financial statements.

These amounts were fully provided for during the year ended 31 December 2019. We were unable to obtain sufficient appropriate audit evidence regarding i) the recoverability of the Trade and Other Receivables and ii) the validity and recoverability of the Payments to Debtors as at 31 December 2019. Any adjustments that might have been found necessary would have a consequential effect on the Group’s net assets as at 1 January 2020 and its financial performance and the elements making up the consolidated statement of cash flows for current and prior year, and related disclosures in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

BUSINESS REVIEW

Overall review

During the year under review, COVID-19 and the “lock down” and social distancing restrictions imposed by governments in response to it, continued to cause an adverse impact on the Group’s business and operational performance despite the Group being a recipient of assistance packages offered by the governments of Singapore and Hong Kong. The Group’s revenue decreased by approximately 8.6% to approximately HK\$72.4 million compared to approximately HK\$79.2 million for the year ended 31 December 2019 (“Last Year”), and the overall gross profit margin of the Group dropped to approximately 7.9% compared to approximately 17.0% for the Last Year.

The Group recorded net unrealised loss on financial assets at FVTPL of approximately HK\$0.6 million for the Year (2019: approximately HK\$54.5 million of net unrealised loss and approximately HK\$60.6 million of net realised loss on financial assets at FVTPL), and other income of approximately HK\$37.2 million arising from the compensation claimed against the vendor of Diamond Frontier Investments Limited with whom the Group signed an agreement in 2016. The consolidated profit attributable to owners of the Company for the Year amounted to approximately HK\$16.9 million, compared to loss of approximately HK\$219.0 million for Last Year.

Telecom Business (telecommunication and information technology business)

Total revenue recorded by the Telecom Business, which comprises the voice telecommunication and information technology businesses in Singapore and Hong Kong was approximately HK\$72.4 million, representing a slight decrease of approximately 3.6% compared to approximately HK\$75.1 million for Last Year. During the reporting year, the Group continued to adjust its focus on telecom service offerings and was able to achieve a level of turnover of the Telecom Business that is comparable to the turnover in Last Year despite an increase in customer attrition due to business closures and also a decrease in use of IDD services from office locations as work-from-home practices become more prevalent during the pandemic. While the Telecom Business operations further rationalised its setup in order to enhance cost efficiency, they remain focused on conservatively managing its cash flow through this period of uncertainty. At the same time, the Group continued to explore various opportunities to broaden its revenue base in the Telecom Business through the introduction of new products and services as well as expanding beyond its current geographical footprint.

BUSINESS REVIEW (CONTINUED)

IT and Distribution Business (financial payment processing solution and software development services, and distribution business)

As stated in the annual report of the Company for the year ended 31 December 2019 (“2019 Annual Report”), the sharp decline of revenue in 2019 was mainly due to the lack of revenue from the distribution business segment during the second half of 2019 due to unstable economy and competitive market. The challenging and uncertain situation continued in 2020 as a result of which, this segment did not contribute any revenue for the Group for the Year.

As at the date of this announcement, Hangzhou Susong Technology Company Limited* (杭州蘇頌科技有限公司) (“Hangzhou Susong”), an indirect non-wholly-owned subsidiary of the Company, has not recovered the advances to Zhejiang Hong Lan Investment Company Limited* (浙江宏瀾投資有限公司) (“Hong Lan”) that was the subject of the announcement of the Company dated 28 April 2019 published on the websites of the Stock Exchange and the Company. The Group has explored and is taking necessary legal actions to recover such advances including actions to seek enforcement of the indemnity granted in favor of Hangzhou Susong in respect of such advances. The Group is also taking action to recover other overdue account receivables recorded by Hangzhou Susong. The performance of the IT and Distribution Business has been falling short of the Group’s expectation as originally contemplated at the time of acquisition of such business in 2016, and facing increasingly challenging and uncertain business environment, the Group does not see any substantial improvement in this segment in the near future.

BUSINESS REVIEW (CONTINUED)

Property Development and Tourism Business

During the Year, the Group made effort to rationalize the business and dispose some of the non-performing business. As mentioned in the Company's announcement dated 20 November 2020, the Company terminated the previous sale and purchase agreement on the proposed disposal of the entire issued share capital of B&R Investment Holding Limited by the Company to Shaanxi China Investment Asset Management Company Limited* (陝西中投資產管理有限公司)(the "Disposal") as the purchaser was unable to pay the remaining balance of the consideration for the Disposal (being RMB47,500,000). Following the termination of the aforementioned sale and purchase agreement, on 20 November 2020, the Company entered into a new sale and purchase agreement with Vantage Network Global Limited in relation to the Disposal for a consideration of RMB47,500,000. The Disposal was completed on 19 March 2021. The Group may not continue its investment in Tourism Business following the Disposal as no revenue has ever been generated from this segment.

Prospects

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

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

BUSINESS REVIEW (CONTINUED)

Prospects (Continued)

As mentioned in the Company's announcement dated 29 January 2021, the Group looked at possibilities to supplement its revenue through other investments, including income generating investment properties. On 3 March 2021, the Company entered into a provisional agreement with a vendor pursuant to which the Company has conditionally agreed to buy and the vendor has conditionally agreed to sell the entire issued shares of a property holding company and the sale loan for an aggregate consideration of HK\$51,750,000, subject to adjustments. The target company is a company incorporated in Hong Kong with limited liability and principally engaged in property holding and property leasing business. Its principal asset is an industrial property with a gross area of approximately 5,430 square feet (the "Property"). As at the date of the provisional agreement, the Property is subject to an existing tenancy with a monthly rental of HK\$101,258 (excluding rates and management fees). The Directors believe that the proposed acquisition presents a good opportunity for the Group to generate stable income from the Property in the near future and the Group may also benefit from any long term capital appreciation of the Property.

FINANCIAL REVIEW

Revenue and results

The revenue of the Group for the Year amounted to approximately HK\$72.4 million, representing a decrease of 8.6% compared to the prior year. The revenue from Telecom Business decreased by 3.6% to approximately HK\$72.4 million for the Year from approximately HK\$75.1 million for Last Year. There was no revenue generated from the IT and Distribution Business throughout the Year due to the business operation slowed down. IT and Distribution Business recorded revenue of approximately HK\$4.2 million in Last Year.

The overall gross margin of the Group for the Year was 7.9%, compared to 17.0% for the prior year. The gross profit for the Year decreased by 57.0% to approximately HK\$5.8 million, compared to approximately HK\$13.5 million for the previous year. The decrease in gross profit and gross profit margin was mainly due to the stagnant IT and Distribution Business during the Year and the increased proportion of the Group's wholesale voice telecommunications segment of the Telecom Business during the Year which has lower gross profit margin.

Total operating expenses of the Group for the Year amounted to approximately HK\$26.1 million, compared to approximately HK\$56.1 million in Last Year. The decrease was mainly due to the streamlined cost structure and absence of amortization of intangible assets for the Year.

The Group recorded net unrealised loss on financial assets at FVTPL of approximately HK\$0.6 million for the Year (2019: approximately HK\$54.5 million of net unrealised loss and approximately HK\$60.6 million of net realised loss on financial assets at FVTPL). The loss for Last Year was mainly due to significant drop in market price of SingAsia Shares in 2019.

The operating profit of the Group amounted to approximately HK\$23.0 million, as compared to a loss of approximately HK\$40.8 million for the previous year. The turnaround in operating profit was mainly due to the other income of approximately HK\$37.2 million arising from the setting off of outstanding balance of consideration of that amount against losses suffered by the Group in connection with its acquisition of Diamond Frontier Investments Limited in 2016; the forfeiture of deposit of RMB2.5 million paid by the previous purchaser of B&R Investment Holding Limited upon termination of the relevant sale and purchase agreement in November 2020 and the decrease in the total operating expenses mentioned above.

FINANCIAL REVIEW (CONTINUED)

Revenue and results (Continued)

Profit attributable to the owners of the Company amounted to approximately HK\$16.9 million, as compared to a loss of approximately HK\$219.0 million for the previous year. The profit was mainly due to the absence of impairment losses on intangible assets and goodwill amounted to approximately HK\$39.7 million in 2019; the net realised loss and unrealised loss on financial assets at FVTPL decreased by 99.5% to approximately HK\$0.6 million, compared to approximately HK\$115.1 million in 2019; and the impairment losses on other receivables decreased by 89.5% to approximately HK\$3.3 million, compared to approximately HK\$31.3 million in 2019.

Capital structure, liquidity and financing

As at 31 December 2020, the net assets of the Group amounted to approximately HK\$21.5 million compared to approximately HK\$1.9 million as at 31 December 2019. The increase in net assets mainly due to setting off of the consideration payable by the Group of approximately HK\$37.2 million against the losses suffered by the Group in connection with its acquisition of Diamond Frontier Investments Limited in 2016.

Capital expenditures for the Year amounted to approximately HK\$0.2 million, compared to approximately HK\$0.1 million in 2019.

Bank balances and cash (excluding pledged bank deposits) amounted to approximately HK\$33.2 million as at 31 December 2020 (2019: approximately HK\$6.7 million). On the same date, total pledged bank deposits amounted to approximately HK\$0.8 million (2019: approximately HK\$0.7 million). Bank guarantees of approximately HK\$0.8 million (2019: approximately HK\$0.7 million) were issued to suppliers for operation requirements.

FINANCIAL REVIEW (CONTINUED)

Capital structure, liquidity and financing (Continued)

As at 31 December 2020, the Group had loan from directors of approximately HK\$15.7 million (2019: HK\$2.8 million). As at 31 December 2020, the Group had lease liabilities amounted to approximately HK\$1.6 million (2019: HK\$3.1 million).

As at 31 December 2020, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets was 80.5% (2019: 310.3%).

Foreign exchange exposure

The Group has certain assets, liabilities, and transactions which are denominated in Singapore dollars and Renminbi. The Group continues to closely monitor the exchange rates of each of Singapore dollar, Hong Kong dollar and Renminbi and will, whenever appropriate, take appropriate action to mitigate such exchange risks. As at 31 December 2020, no related currency hedges had been undertaken by the Group.

Contingent liabilities and capital commitments

In April 2018, the Group entered into an agreement with a third party to develop and operate a characteristic cultural town in Yibin City of Sichuan Province in the PRC. In April 2018, Yibin Xianyuan Lake Small Towns Cultural Tourism Company Limited* (宜賓仙源湖小鎮文旅有限公司) was incorporated in the PRC with registered capital of RMB200,000,000, for which the Group had committed to contribute RMB70,000,000 before 3 April 2028, representing equity interest of 35% of Yibin Company. The disposal of the entire issued share capital of B&R Investment Holding Limited, the company that held such equity interest of Yibin Company, had been completed on 19 March 2021. As at the end of the reporting period and up to the date of the completion of the disposal, no contribution has been made by the Group.

Other than the above, there were no material contingent liabilities or capital commitments as at 31 December 2020.

FINANCIAL REVIEW (CONTINUED)

Significant investments held and performance

As at 31 December 2020, the Group held for trading investments in securities in Hong Kong (collectively, the “Investments”) with a market value of approximately HK\$0.9 million (31 December 2019: approximately HK\$1.4 million), representing an investment portfolio of four (31 December 2019: five) listed equities in Hong Kong. The Group recorded net unrealised loss of approximately HK\$0.6 million (2019: approximately HK\$54.5 million of net unrealised loss and approximately HK\$60.6 million of net realised loss) in respect of financial assets at FVTPL in 2020. The details of the Investments as at 31 December 2020 were as follows:

Company name	Stock code	Number of shares held	% of shareholdings in equity investment	Unrealised loss on fair value change for the year <i>HK\$'000</i>	Fair value as at 1 January 2020 <i>HK\$'000</i>	Fair value as at 31 December 2020 <i>HK\$'000</i>	% of net assets	Principal activities
1 New Provenance Everlasting Holdings Limited	02326	1,000,000	0.01%	(7)	17	10	0.05%	Sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and utilities, sale of electrical and electronic consumer products and provision of logistics services
2 SingAsia Holdings Limited	08293	8,500,000	0.57%	229	494	723	3.36%	Provide manpower outsourcing services, manpower recruitment services and manpower training services based in Singapore
3 China Saite Group Company Limited	00153	5,040,000	0.17%	(796)	796	–	0.00%	Construction of steel structure and prefabricated construction projects
4 Sino Harbour Holdings Group Limited	01663	1,000,000	0.04%	22	141	163	0.76%	Property development in China
				(552)	1,448	896		

During the year, the Group had received dividend of approximately HK\$10,000 from the Investments held (2019: Nil).

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and are susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board maintains a diversified investment portfolio across various segments of the market and also closely monitors the performance of its investment portfolio.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 20 (2019: 35) employees in China, Hong Kong and Singapore and its total staff costs for the year ended 31 December 2020 were approximately HK\$14.4 million (2019: approximately HK\$18.8 million).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees. A new share option scheme was adopted by the Company on 28 June 2018 as an incentive to Directors and employees. Directors' remuneration is decided by the remuneration committee of the Company (the "Remuneration Committee"), having regard to the Company's operating results, individual performance and comparable market statistics. The Group also provides relevant trainings to its employees in accordance with the skill requirements of different positions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders and enhance long-term shareholder value. Except for the non-compliance and deviations described below, the Directors are not aware of any information which would reasonably indicate that the Company is not, or was not at any time during the year ended 31 December 2020, acting in compliance with the code provisions (the "Code Provisions") of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") set out in Appendix 14 to the Listing Rules.

Pursuant to Code Provision A.1.1 of the Corporate Governance Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2020, three regular board meetings and eight ad hoc board meetings were held. Although the Board fell short of having four regular meetings, through various ad hoc meetings, Board members had adequate opportunities to discuss and communicate with each other on the affairs of the Group. The Board aims to increase the number of its regular meetings as need be.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (CONTINUED)

Pursuant to Code Provision A.1.3 of the Corporate Governance Code, at least 14 days' notice should be given to all directors of a regular board meeting. During the year ended 31 December 2020, at least 14 days' notice was given for only one regular board meeting. The Company will give due notice for regular board meetings going forward.

Pursuant to Code Provision A.2.7 of the Corporate Governance Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 December 2020, no such meeting was held. Under the leadership of the new chairman of the Board, the Company will comply with this requirement going forward.

Pursuant to Code Provision E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meetings of the Company and should also invite the chairman of each of the audit, remuneration, nomination and any other committees of the Company to attend. Mr. Zhao Ruiyong, the chairman of the Board and the chairman of the nomination committee of the Company (the "Nomination Committee"), and Mr. Huang Tao, the chairman of the Remuneration Committee, did not attend the annual general meeting of the Company held on 30 June 2020 ("2020 AGM") as they were not in Hong Kong. Mr. Cheung Ka Heng Frankie, the then executive Director and vice chairman of Board, as well as Mr. Fong Wai Ho, the then chairman of the Audit Committee, attended 2020 AGM and were available to answer questions at the 2020 AGM.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee reviewed, with the external auditor of the Company, the audited consolidated financial statements of the Group for the year ended 31 December 2020. Based on this review and discussions with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

Details of the important events affecting the Group which have occurred since the end of the reporting period are set out in note 12 to this announcement.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in this preliminary result announcement have been agreed by the Group's auditor, Confucius International CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2020. The work performed by Confucius International CPA Limited in this preliminary result announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on this preliminary result announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FURTHER INFORMATION

The 2020 Annual Report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to all of our shareholders and business associates for their continuous support and to all our staff for their dedication and contribution to the Group.

By Order of the Board
Great Wall Belt & Road Holdings Limited
Cheung Siu Fai
Chairman and Executive Director

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Siu Fai (chairman) and Mr. Hui Chun Wai Henry, two non-executive Directors, namely Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie, and three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Mr. Cheung Sze Ming.

* *for identification purpose only*