THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares of Litu Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

LITU HOLDINGS LIMITED
力圖控股有限公司

(formerly known as Brilliant Circle Holdings International Limited 貴聯控股國際有限公司)
(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1008)

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF, AND THE SHAREHOLDER'S LOAN DUE BY, EAGLE SWIFT LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

ASTRUM

Astrum Capital Management Limited

A notice convening an extraordinary general meeting of the Company to be held at 3/F, 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong on Wednesday, 12 January 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.bcghk.cn (or www.lituholdings.com with effect from 7 January 2022).

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

PRECAUTIONARY MEASURES FOR THE EGM

Practical measures will be taken to try to avoid the spread of COVID-19 at the EGM, including:

- Compulsory temperature checks and health declarations for all attendees, including Directors and Shareholders.
- Prohibition from attendance at the EGM if the attendee has a fever.
- Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the EGM.
- Compulsory wearing of surgical face masks throughout the EGM.
- Maintaining proper distance between seats. No refreshments will be served at the EGM.

Any person who does not comply with the precautionary measures may be denied entry into the venue of the EGM. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

24 December 2021

CONTENTS

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

(i) Compulsory body temperature checks will be conducted on every attending Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person found to be suffering from a fever or otherwise unwell will be denied entry into the EGM venue or be required to leave the EGM venue.

(ii) All attending Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and be asked whether (a) they have travelled to, or to their best of knowledge had close contact with any person who has recently travelled to, areas outside of Hong Kong at any time in the preceding 14 days of the EGM; and (b) they are subject to any compulsory quarantine prescribed by the Hong Kong Government. Any person who responds affirmatively to any one of the above questions will be denied entry into the EGM venue or be required to leave the EGM venue.

(iii) All attendees are requested to wear surgical face masks at the EGM venue at all times, and to maintain a safe distance with other attendees.

(iv) No refreshments or corporate gifts will be provided.

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and in response to the recent guidelines on prevention and control of COVID-19 pandemic, Shareholders are reminded that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by completing form of proxy in accordance with the instructions printed thereon, Shareholders may appoint the chairman of the EGM as proxy to attend and vote on the relevant resolutions at the EGM instead of attending the EGM or any adjourned meeting in person.

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

"Acquisition"	the acquisition by the Company of the Sale Share and the Sale Loan subject to and upon the terms and conditions of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 21 October 2021 in relation to, among others, the Acquisition
"associates"	has the meaning ascribed to this term under the Listing Rules
"Astrum" or "Independent Financial Adviser"	Astrum Capital Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
"Board"	the board of Directors
"Company"	Litu Holdings Limited (formerly known as Brilliant Circle Holdings International Limited), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held on Wednesday, 12 January 2022 at 11:00 a.m. (or any adjournment thereof) for the purpose of considering, and if though fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Target Company immediately after Completion
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors for the purpose of giving a recommendation to the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than the Vendor, Sinorise and Profitcharm and their respective associates
"Latest Practicable Date"	21 December 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Profitcharm"	Profitcharm Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor, being a Shareholder interested in approximately 17.5% of the issued share capital of the Company
"Property"	the property located at 38 On Lok Mun Street, Fanling, New Territories, Hong Kong
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 21 October 2021 and entered into between the Vendor and the Company for the Acquisition (as supplemented on 15 December 2021)
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion, which amounted to approximately HK$232 million as at the Latest Practicable Date
"Sale Share"	one share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.005 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Sinorise"	Sinorise International Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor, being a Shareholder interested in approximately 40% of the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Eagle Swift Limited, a company incorporated in the British Virgin Islands with limited liability
"Tenancy Agreement"	the tenancy agreement dated 8 July 2021 and entered into between the Target Company as landlord and Brilliant Circle Development Limited, a wholly-owned subsidiary of the Company as tenant, in relation to the lease of 3/F and part of 4/F of the Property for a term of one year from 1 September 2021 to 31 August 2022 at the rent of HK$94,500 per month
"Vendor"	Mr. Cai Xiao Ming, David, a controlling shareholder of the Company interested in approximately 57.5% of the issued share capital of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

LITU HOLDINGS LIMITED
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(formerly known as Brilliant Circle Holdings International Limited 貴聯控股國際有限公司)
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(Stock Code: 1008)

Board of Directors
Executive Directors:
Mr. Chen Xiao Liang *(Chairman)*
Mr. Qin Song
(Vice Chairman and Chief Executive Officer)
Mr. Huang Wanru
Mr. Jiang Xiang Yu

Non-executive Director:
Ms. Li Li

Independent Non-executive Directors:
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
3/F, 38 On Lok Mun Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

24 December 2021

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF, AND THE SHAREHOLDER'S LOAN DUE BY, EAGLE SWIFT LIMITED

INTRODUCTION

Reference is made to the Announcement in relation to the Acquisition.

On 21 October 2021 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan by the Company for an aggregate consideration of HK$233,000,000, which will be satisfied by the Company in cash upon Completion. On 15 December 2021 (after trading hours), the Company and the Vendor entered into a supplemental sale and purchase agreement to extend the long stop date for the satisfaction or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement to 31 January 2022.

As certain of the relevant percentage ratios exceed 25% but below 100%, the Acquisition constitutes a major transaction on the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder, the Acquisition also constitutes a connected transaction on the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

The purpose of this circular is to provide the Shareholders with information details of the Acquisition and valuation report on the Property, together with the recommendation of the Independent Board Committee to the Independent Shareholders, the letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, and the notice of the EGM to be convened and held for the purpose of considering, and if thought fit, approving the Acquisition.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 in this circular.

SALE AND PURCHASE AGREEMENT

Date: 21 October 2021 (as supplemented on 15 December 2021)

Parties: (1) The Vendor

(2) The Company

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan, which amounted to approximately HK$232 million as at the Latest Practicable Date.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The only significant asset of the Target Company is the Property.

Consideration

The total consideration for the Acquisition is HK$233,000,000, which shall be satisfied by the Company in cash upon Completion. The consideration will be funded as to HK$139.8 million by the Group's internal resources and as to HK$93.2 million by a three years term loan to be secured by, (i) equity pledge over 100% equity interest in the Target Company; (ii) all monies first legal charge and rental assignment over the Property; (iii) unlimited corporate guarantee from the Target Company; (iv) unlimited cross corporate guarantee between Brilliant Circle Development Limited (a wholly-owned subsidiary of the Company) and the Company; and (v) unlimited corporate guarantee from the Company to Brilliant Circle Development Limited to be obtained by the Company from a bank at Completion.

The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the preliminary property valuation of the Property of HK$233,000,000. The Directors consider the consideration of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole.

The valuation of the Property was carried out by Jones Lang LaSalle Limited, an independent surveyor to the Company and the date of valuation was 15 October 2021. The valuation report by Jones Lang LaSalle Limited is reproduced in Appendix IV to this circular.

Conditions

The Acquisition is conditional upon the satisfaction of the following conditions:

(a) the Company being satisfied with the results of the due diligence review to be conducted on the Target Company;

(b) the Company being satisfied that there are no title defects to the Property;

(c) the Company having obtained mortgage in respect of the Property which shall remain in full force and effect at Completion;

(d) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM of the necessary ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereby, and all other consents and acts required to be obtained by the Company under the Listing Rules and/or other applicable laws and regulations having been obtained and completed;

(e) the warranties given by the Vendor in the Sale and Purchase Agreement remaining true, accurate and complete in all material respects;

(f) the obtaining of a valuation report (in form and substance satisfactory to the Company) from a firm of independent professional valuer appointed by the Company showing the valuation of the Property to be not less than HK$233,000,000;

(g) the Company being satisfied that there has not been any material adverse change on the financial position, business or property, results of operations of the Target Company since the date of the Sale and Purchase Agreement; and

(h) all necessary consents and approvals required to be obtained by the Vendor and the Company in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The Company may at any time at its absolute and sole discretion waive in writing the conditions (a), (b), (c), (e) and/or (g) set out above. The other conditions set out above are incapable of being waived. The Company has no current intention to waive any conditions. If the conditions set out above have not been satisfied (or waived, as the case may be) on or before 31 January 2022, or such later date as the Vendor and the Company may agree in writing, the Sale and Purchase Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

As at the Latest Practicable Date, save for conditions (a) and (b) which have been satisfied, none of the conditions set out above have been satisfied or waived (as the case may be).

Completion

Completion is expected to take place falling one month (or such later date as the parties to the Sale and Purchase Agreement may agree) after the fulfilment (or waiver) of the conditions mentioned above.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company

The Company is incorporated in the Cayman Islands and the Group is principally engaged in (i) the printing and manufacturing of cigarette packages and related materials; (ii) manufacturing of laminated papers; and (iii) sales of RFID products.

The Vendor

Mr. Cai Xiao Ming, David is a controlling shareholder of the Company interested in approximately 57.5% of the issued share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The Target Company was acquired by the Vendor at HK$12,850. Immediately prior to Completion, the Target Company is held as to 100% by the Vendor. After Completion, the Company shall be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property located at 38 On Lok Mun Street, Fanling, New Territories, Hong Kong. The Property comprises a 6-storey building with total saleable area of approximately 32,397 square feet (3,009.75 m^2), 3/F and part of the area on 4/F of which has been leased to a subsidiary of the Company (which is a fully exempted continuing connected transaction of the Company under the Listing Rules) as office and warehouse. Meanwhile, the other remaining portions of the property is currently vacant. The Property was acquired by the Target Company on 8 June 2021 for a consideration of HK$217 million (exclusive of stamp duty and other costs and expenses). The total acquisition cost for the acquisition of the Property by the Target Company amounted to approximately HK$228.5 million inclusive of stamp duty and other costs and expenses.

Financial Information on the Target Company

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

	From 7 January 2020 (the date of incorporation) to 31 December 2020	**For the eight months ended 31 August 2021**
	HK$'000	*HK$'000*
	(Audited)	(Audited)
Revenue	—	—
Loss before taxation	—	2,244
Loss after taxation	—	2,244

The audited net liabilities value of the Target Company as at 31 August 2021 was approximately HK$2,244,000. The Company and the Vendor have mutually agreed that immediately prior to Completion, all bank balances of the Target Company will be used to set-off the outstanding shareholder's loan due from the Target Company to the Vendor on dollar-to-dollar basis before the Sale Loan is assigned to the Company on Completion.

Please refer to the valuation report of the Property and the accountant's report of the Target Company in the appendices to this circular.

The Target Company has not derived any revenue from its incorporation to 31 August 2021. It is the intention of the Directors to lease out certain portion of the Property after Completion.

The net loss for the eight months ended 31 August 2021 mainly represents depreciation and administrative expenses. Since its incorporation, the Target Company financed its activities from shareholder's loan which will be assigned as Sale Loan upon Completion. As at the Latest Practicable Date, the loan due to the Vendor amounts to approximately HK$232,000,000. Apart from the Sale Loan, the Target Company has no other borrowing. There is no charge over any asset of the Target Company. Save as disclosed in this circular, the Target Company has no funding requirements for capital expenditure commitments.

Foreign Currency Management

The Target Company has minimal exposure to foreign currency risks as all of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars.

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

Significant Investment Held, Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies, and Future Plans for Material Investments or Capital Assets

Save for the acquisition of the Property, the Target Company did not have significant investment held, material acquisitions or disposal of subsidiaries and affiliated companies from its incorporation until 31 August 2021.

The Target Company did not have any future plan for material investments or capital assets.

Employees and Remuneration Policy

As at the Latest Practicable Date, the Target Company did not have any employee and did not have a remuneration policy.

Financial Effects of the Acquisition

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

(i) Effect on net assets

Based on the unaudited pro forma statement of financial position of the Enlarged Group as set out in Appendix III to this circular, which is prepared as if the Acquisition had completed on 30 June 2021 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK$3,445.7 million to approximately HK$3,537.5 million and the total liabilities of the Group would increase from approximately HK$795.7 million to approximately HK$888.9 million. As a result, the net assets attributable to owners of the Company would decrease from approximately HK$2,650.0 million to approximately HK$2,648.6 million.

(ii) Effect on liquidity

According to the interim report of the Company for the six months ended 30 June 2021, the Group had cash and cash equivalent of approximately HK$405.5 million as at 30 June 2021. The consideration of HK$233 million payable by the Company upon Completion shall be satisfied by cash, which will be funded as to approximately HK$139.8 million by the Group's internal resources and as to approximately HK$93.2 million by a three-year secured term loan to be obtained by the Company from a bank at Completion. In addition, it is expected that the Acquisition will incur transaction costs of approximately HK$1.4 million. Accordingly, the Group's cash or cash equivalent are expected to decrease by approximately HK$141.2 million.

(iii) Effect on earnings

It is the current intention of the Company to lease out part of the Property and the remaining portion of the Property shall be for the Group's own uses after Completion. Therefore, the Acquisition enables the Group to reduce the rental expenses burden of the Group in relation to the use of the Property and generate rental income from the leasing out of the other area. Pursuant to the Tenancy Agreement, the rent payable by the Group is HK$94,500 per month, plus the rates and Government rent attributable to the area leased (subject to the actual amount demanded by the Government). Accordingly, the Group can save rental expenses of approximately HK$1.1 million per annum as a result of the Acquisition. It is expected that subsequent to the Acquisition, depreciation of property, plant and equipment and investment properties (which is non-cash nature) of approximately HK$9.1 million per annum will be recorded.

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

REASONS FOR THE ACQUISITION

The Directors are optimistic to the future of Hong Kong property market. It is the current intention of the Company to lease out first and fifth floor of the Property and the remaining portion of the Property shall be for the Group's own uses. The Directors consider that the Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market and the future rental income from the Property will provide stable income for the Group while at the same time the Group may have the benefits from the long term appreciation in value of the Property. Further, in the 2021 policy address from the Chief Executive, it is stated that the Hong Kong Government will place strong emphasis on the development of the Northern District with the Northern Metropolis Development Strategy to transform the northern part of Hong Kong into a lively and attractive area providing more land for housing, technology development and other industries, the Directors consider that the Acquisition will provide an opportunity to the Company to benefit from the future growth of the Northern District.

Since the beginning of 2021, the Company was, on one hand, negotiating with the landlord of the previous head office of the Company for renewal of its tenancy and on the other hand, started searching for suitable premise for rent to relocate the head office of the Company. In April 2021, the Company decided not to renew the lease for the previous head office of the Company as the Company and the landlord failed to reach an agreement over the rent for extension of the tenancy. After the Vendor became aware of the failure to renew the lease of the previous head office of the Company, the Vendor informed the Company that the Target Company had acquired the Property which would be available for lease to the Group in June 2021. Having considered the floor area available to the Group is significantly larger than the previous head office of the Company at a reduced rental and its proximity to the Shenzhen office of the Group, the Tenancy Agreement was entered into between the Target Company as landlord and Brilliant Circle Development Limited, a wholly-owned subsidiary of the Company, as tenant on 8 July 2021.

Since September 2021, the Directors were looking for investment opportunities in Hong Kong property market and have identified the area of Fanling as its primary target for investment. However, upon enquiry with property agents in the area, there was no suitable property available on the market which suits the budget of the Company in the area.

The Directors then enquired with the Vendor whether the Property is available for sale as the Directors consider that the location of the Property, which is adjacent to Lung Yeuk Tau Interchange, being one of the exits of the future Fanling Bypass, is well placed to benefit from the Northern District development in the future. Negotiation with the Vendor was therefore commenced and on 21 October 2021, the Company and the Vendor entered into the Sale and Purchase Agreement.

In view of the rental income to be derived from the Property with the possibility of future long term appreciation in value of the Property and the past experience of the gain on disposal and savings on rental expenses from the disposal of the previous head office of the Company, the Directors believe that it is a good time to invest in the Property. According to Jones Lang LaSalle Limited, the valuation of the Property will remain unchanged if the current tenancy agreement is excluded.

Notwithstanding that the consideration of HK$233 million represents a premium of approximately 1.6% over the original acquisition cost of the Property (including HK$820,000 paid by the Target Company as deposit for renovation) of approximately HK$229.3 million by the Target Company, the Directors considered that the Company could save stamp duty of 4.25% and 1% property agent commission under current arrangement of the Acquisition which would have otherwise incurred if the Company was to purchase other available property from the market which would increase the total investment cost of the Company and thereby reducing the possible return on investment if it is disposed in the future. The Directors also noted that the provisional sale and purchase agreement for the acquisition of the Property by the Target Company was entered into on 3 May 2021 and the transaction price of factories in Hong Kong had been on the rise since the start of the year, the price index of the private flatted factories increased from 861.4 in April 2021 to 888.2 in September 2021, representing an increase of approximately 3.1% and the asking price of factories building in and around Fanling area have increased sharply after the announcement of the Northern Metropolis Development Strategy in the Chief Executive's 2021 policy address. The Directors therefore considered that the terms and conditions of the Sale and Purchase Agreement (including the consideration) are reasonable and fair and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

As certain of the relevant percentage ratios exceed 25% but below 100%, the Acquisition constitutes a major transaction on the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder, the Acquisition also constitutes a connected transaction on the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

The entering into of the Tenancy Agreement constituted a continuing connected transaction under Chapter 14A of the Listing Rules. As all of the relevant percentage ratios are less than 5% and the total consideration is less than HK$3,000,000, the entering into of the Tenancy Agreement is a fully exempted continuing connected transaction.

After Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Tenancy Agreement will no longer be a continuing connected transaction of the Company.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Astrum has been appointed with the approval of the Independent Board Committee as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

THE EGM

The EGM will be held to consider and, if thought fit, pass the resolution to approve, among other things the Sale and Purchase Agreement and the transactions contemplated thereunder. The voting at the EGM will be conducted by way of a poll whereby the Vendor, Sinorise which is beneficially interested in 627,131,614 Shares representing approximately 40% of the issued share capital of the Company, Profitcharm, which is beneficially interested in 274,325,278 Shares representing approximately 17.5% of the issued share capital of the Company and their respective associates shall abstain from voting on the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Both Sinorise and Profitcharm are wholly owned by the Vendor. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, other than the Vendor, Sinorise and Profitcharm which together are beneficially interested in 901,456,892 Shares representing approximately 57.5% of the issued share capital of the Company, no other Shareholders are required to abstain from voting on the relevant resolution to be proposed at the EGM. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

PROXY ARRANGEMENT

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange and the website of the Company. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, 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 EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules and the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll save that the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he is the holder. A Shareholder entitled to more than one vote on a poll needs not use all his votes or cast all the votes he uses in the same way. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 7 January 2022 to Wednesday, 12 January 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, non-registered holders for its Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Thursday, 6 January 2022.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Ying Hung, Andy Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon, has been established to consider, and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Sale and Purchase Agreement.

The Independent Board Committee, having considered the advice from Astrum, considers that although the entering into of the Sale and Purchase Agreement and the Acquisition were not in the ordinary and usual course of business of the Group, (i) the terms of the Sale and Purchase Agreement are fair and reasonable; (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms; and (iii) the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolution in respect of the Sale and Purchase Agreement to be proposed at the EGM.

The Directors, excluding Mr. Chen Xiao Liang who is the father-in-law of the Vendor and has abstained from voting at the Board meeting due to conflict of interest, consider that although entering into of the Sale and Purchase Agreement and the Acquisition were not in the ordinary and usual course of the Group, the terms of the Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Save for Mr. Chen Xiao Liang, none of the Directors have a material interest in the Acquisition who were required to abstain from voting at the Board meeting. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution in respect of the Acquisition to be proposed at the EGM.

The recommendation of the Independent Board Committee is set out on pages 16 to 17 in this circular and the letter from Astrum is set out on pages 18 to 41 in this circular.

ADDITIONAL INFORMATION

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

By order of the Board
Litu Holdings Limited
Mr. Chen Xiao Liang
Chairman

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

LITU HOLDINGS LIMITED
力圖控股有限公司

(formerly known as Brilliant Circle Holdings International Limited 貴聯控股國際有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1008)

24 December 2021

To the Independent Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF, AND THE SHAREHOLDER'S LOAN DUE BY, EAGLE SWIFT LIMITED

We refer to the circular of the Company dated 24 December 2021 (the "**Circular**"), of which this letter forms part. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Independent Board Committee has been formed to consider and advise you in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" contained in the Circular. Astrum has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. The text of the letter of advice from Astrum containing its recommendations and the principal factors and reasons it has taken into consideration in arriving at its recommendations is set out on pages 18 to 41 of the Circular.

Having considered the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder, and after taking into account the principal factors and reasons and the advice of Astrum as set out in the "Letter from Astrum", contained in the Circular, we consider that the Acquisition, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, though not in the ordinary and usual course of business of the Group, are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of the
Independent Board Committee
Litu Holdings Limited

Mr. Lam Ying Hung, Andy	**Mr. Lui Tin Nang**	**Mr. Siu Man Ho, Simon**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the letter of advice from Astrum to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

ASTRUM

Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

24 December 2021

To the Independent Board Committee and
the Independent Shareholders of Litu Holdings Limited
(formerly known as Brilliant Circle Holdings International Limited)

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF, AND THE SHAREHOLDER'S LOAN DUE BY, EAGLE SWIFT LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of Litu Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) (the "**Company**") in relation to the acquisition (the "**Acquisition**") of (i) the entire issued share capital of Eagle Swift Limited (the "**Target Company**"); and (ii) all obligations, liabilities and debts owing or incurred by the Target Company to Mr. Cai Xiao Ming, David (the "**Vendor**") and his associates on or at any time prior to completion of the Acquisition. The details of the Acquisition is disclosed in the announcement of the Company dated 21 October 2021 (the "**Announcement**") and in the letter from the Board (the "**Letter from the Board**") set out on pages 5 to 15 of the circular of the Company dated 24 December 2021 (the "**Circular**") to its shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise defined.

On 21 October 2021 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan by the Company for an aggregate consideration of HK$233,000,000 (the "**Consideration**"), which will be satisfied by the Company in cash upon Completion. On 15 December 2021 (after trading hours), the Company and the Vendor entered into a supplemental sale and purchase agreement (the "**Supplemental Agreement**") to extend the long stop date for the satisfaction or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement to 31 January 2022.

As certain of the relevant percentage ratios exceed 25% but below 100%, the Acquisition constitutes a major transaction on the Company under Chapter 14 of the Listing Rules. As the Vendor is a controlling Shareholder, the Acquisition also constitutes a connected transaction on the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EGM.

The EGM will be held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. The voting at the EGM will be conducted by way of a poll whereby the Vendor, Sinorise (which is beneficially interested in 627,131,614 Shares representing approximately 40% of the issued share capital of the Company), Profitcharm (which is beneficially interested in 274,325,278 Shares representing approximately 17.5% of the issued share capital of the Company) and their respective associates shall abstain from voting on the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Both Sinorise and Profitcharm are wholly owned by the Vendor. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, other than the Vendor, Sinorise and Profitcharm which together are beneficially interested in 901,456,892 Shares representing approximately 57.5% of the issued share capital of the Company, no other Shareholders are required to abstain from voting on the relevant resolution to be proposed at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon, has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to voting in respect thereof at the EGM. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, the Vendor and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, we were not aware of any relationships between Astrum Capital Management Limited and the Company, and there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Acquisition, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, *inter alia,* the Announcement, the Circular, the Sale and Purchase Agreement, the Supplemental Agreement the annual reports of the Company for the two years ended 31 December 2019 and 31 December 2020 (the "**2019 Annual Report**" and the "**2020 Annual Report**", respectively) and the interim report of the Company for the six months ended 30 June 2021 (the "**2021 Interim Report**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations and prospects of the Group. In addition, we have reviewed the valuation report (the "**Valuation Report**") prepared by an independent professional valuer, namely Jones Lang LaSalle Limited ("**JLL**"), in respect of the valuation of the Property as at 15 October 2021 (the "**Valuation**"), including the methodology of, and the bases and assumptions adopted for, the Valuation. Based on the foregoing steps, we consider that we have taken all the reasonable endeavors, which are applicable to the Acquisition, as referred to and required under Rule 13.80(2)(b) of the Listing Rules (including its annex notes) in forming our opinion. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussion with the Management regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition), the businesses and future prospects of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition) and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition). Except for the inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition), we have taken into account the following principal factors and reasons:

I. Information of the Group

A. Principal business of the Group

According to the Letter from the Board, the Group is principally engaged in (i) the printing and manufacturing of cigarette packages and related materials; (ii) manufacturing of laminated papers; and (iii) sales of radio frequency identification ("**RFID**") products.

B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 ("**FY2018**", "**FY2019**" and "**FY2020**", respectively) as extracted from the 2019 Annual Report and the 2020 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2020 and 30 June 2021 ("**1H2020**" and "**1H2021**", respectively) as extracted from the 2021 Interim Report:

Table 1: Financial information of the Group

	FY2018	**FY2019**	**FY2020**	**1H2020**	**1H2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,366,753	1,495,833	1,339,439	615,641	451,149
— Printing and manufacturing of cigarette packages and related materials	*1,236,916*	*1,366,727*	*1,227,746*	*571,357*	*387,062*
— Manufacturing of laminated papers	*44,776*	*42,028*	*35,537*	*14,929*	*9,144*
— Sales of RFID products	*85,061*	*87,078*	*76,156*	*29,355*	*54,943*
Gross Profit	300,890	347,662	265,778	135,352	68,241
Profit before tax	221,362	232,687	46,086	101,215	19,289
Profit attributable to owners of the Company for the year/period	169,383	175,886	8,915	82,997	16,033

	As at 31 December 2018 *HK$'000* (audited)	As at 31 December 2019 *HK$'000* (audited)	As at 31 December 2020 *HK$'000* (audited)	As at 30 June 2021 *HK$'000* (unaudited)
Non-current assets	2,628,958	2,509,041	2,449,145	2,376,640
Current assets	1,306,004	1,138,112	1,139,733	1,069,052
Current (liabilities)	(1,018,871)	(623,611)	(747,490)	(726,013)
Net current assets	287,133	514,501	392,243	343,039
Non-current (liabilities)	(117,490)	(97,366)	(71,561)	(69,707)
Equity attributable to owners of the Company	2,763,663	2,904,301	2,746,446	2,626,830

Sources: the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Report

(i) For the year ended 31 December 2019 (i.e. FY2019)

In FY2019, the Group recorded revenue of approximately HK$1,495.8 million, representing an increase of approximately 9.4% as compared to approximately HK$1,366.8 million in FY2018. Such improvement was mainly attributable to the increase in revenue generated from printing and manufacturing of cigarette packages and related materials of approximately HK$129.8 million, which was, in turn, predominately due to the restorative growth in cigarette package market in the PRC, and was partially offset by the slight decrease in the average selling price of cigarette packages and related materials during FY2019. In line with the increase in revenue, the Group's gross profit increased by approximately HK$46.8 million from approximately HK$300.9 million in FY2018 to approximately HK$347.7 million in FY2019. The gross profit margin remained relatively stable at approximately 23.2% in FY2019 as compared to approximately 22.0% in FY2018.

In FY2019, the Group recorded profit attributable to owners of the Company of approximately HK$175.9 million, representing a slight increase of approximately 3.8% as compared to approximately HK$169.4 million in FY2018. Such increase was mainly attributable to (i) the increase in gross profit of approximately HK$46.8 million; (ii) the decrease in impairment losses on goodwill of approximately HK$33.0 million; (iii) the decrease in administrative expenses of approximately HK$15.1 million; and (iv) the absence of losses on disposal of partial equity interest in an associate in FY2019 (FY2018: approximately HK$8.5 million), which was partially offset by (i) the absence of gain on disposal of subsidiaries in FY2019 (FY2018: approximately HK$91.7 million); and (ii) the decrease in share of profits of associates of approximately HK$9.9 million.

As at 31 December 2019, the Group's total assets and total liabilities amounted to approximately HK$3,647.2 million and approximately HK$721.0 million, respectively. Equity attributable to owners of the Company increased slightly by approximately 5.1% from approximately HK$2,763.7 million as at 31 December 2018 to approximately HK$2,904.3 million as at 31 December 2019. The increase in equity attributable to owners of the Company was mainly due to the profit attributable to owners of the Company of approximately HK$175.9 million recorded in FY2019, which was partially offset by the other comprehensive expense derived from the exchange differences on translation from functional currency to presentation currency of approximately HK$42.5 million.

(ii) For the year ended 31 December 2020 (i.e. FY2020)

In FY2020, the Group recorded revenue of approximately HK$1,339.4 million, representing a decrease of approximately 10.5% as compared to approximately HK$1,495.8 million in FY2019. Such decrease was mainly attributable to the decrease in revenue generated from printing and manufacturing of cigarette packages and related materials of approximately HK$139.0 million, which was, in turn, predominately due to the decrease in sales volume of cigarette package and was partially offset by the slight increase in the average selling price of cigarette packages and related materials during FY2020. The Group's gross profit decreased by approximately HK$81.9 million from approximately HK$347.7 million in FY2019 to approximately HK$265.8 million in FY2020. The gross profit margin decreased by approximately 3.4 percentage points from approximately 23.2% in FY2019 to approximately 19.8% in FY2020. The decrease in gross profit margin was mainly attributable to the decrease in tender prices amidst cost reduction and efficiency measures taken by the Group's customers.

In FY2020, the Group recorded profit attributable to owners of the Company of approximately HK$8.9 million, representing a drastic decline of approximately 94.9% as compared to approximately HK$175.9 million in FY2019. Such decrease was mainly attributable to (i) the substantial increase in impairment losses on goodwill of approximately HK$161.0 million; and (ii) the decrease in gross profit of approximately HK$81.9 million, which was partially offset by (i) the increase in share of profits of associates of approximately HK$17.6 million; (ii) the decrease in selling and distribution expenses of approximately HK$15.8 million; (iii) the increase in government grants of approximately HK$7.5 million; and (iv) the recognition of net foreign exchange gains of approximately HK$1.1 million (FY2019: net losses of approximately HK$12.6 million).

As at 31 December 2020, the Group's total assets and total liabilities amounted to approximately HK$3,588.9 million and approximately HK$819.1 million, respectively. Equity attributable to owners of the Company decreased by approximately 5.4% from approximately HK$2,904.3 million as at 31 December 2019 to approximately HK$2,746.4 million as at 31 December 2020. The decrease in equity attributable to owners of the Company was mainly due to the dividends recognised as distribution of approximately HK$299.9 million in FY2020, which was partially offset by (i) the other comprehensive income derived from the exchange differences on translation from functional currency to presentation currency of approximately HK$133.2 million in FY2020; and (ii) the profit attributable to owners of the Company of approximately HK$8.9 million recorded in FY2020.

(iii) For the six months ended 30 June 2021 (i.e. 1H2021)

In 1H2021, the Group recorded revenue of approximately HK$451.1 million, representing a notable decline of approximately 26.7% as compared to approximately HK$615.6 million in 1H2020. Such deterioration was mainly attributable to the decrease in revenue generated from printing and manufacturing of cigarette packages and related materials of approximately HK$184.3 million as a result of the failure of one of the Company's subsidiaries to bid its tender for the orders in 2021 and 2022 from some of its major customers. The Group's gross profit decreased by approximately HK$67.1 million from approximately HK$135.4 million in 1H2020 to approximately HK$68.2 million in 1H2021. The gross profit margin decreased by approximately 6.9 percentage points from approximately 22.0% in 1H2020 to approximately 15.1% in 1H2021. The decrease in gross profit margin was mainly attributable to the fact that the average selling price of the Group's products was subject to pressure induced by the ongoing mandatory tendering system.

In 1H2021, the Group recorded profit attributable to owners of the Company of approximately HK$16.0 million, representing a significant decline of approximately 80.7% as compared to approximately HK$83.0 million in 1H2020. Such decrease was mainly attributable to (i) the decrease in gross profit of approximately HK$67.1 million; (ii) the increase in impairment losses on goodwill of approximately HK$38.5 million; (iii) the increase in administrative expenses of approximately HK$11.8 million; and (iv) the decrease in other income of approximately HK$10.5 million, which was partially offset by (i) the increase in share of result of associates of approximately HK$15.4 million; and (ii) the decrease in selling and distribution expenses of approximately HK$11.0 million.

As at 30 June 2021, the Group's total assets and total liabilities amounted to approximately HK$3,445.7 million and approximately HK$795.7 million, respectively. Equity attributable to owners of the Company decreased by approximately 4.4% from approximately HK$2,746.4 million as at 31 December 2020 to approximately HK$2,626.8 million as at 30 June 2021. The decrease in equity attributable to owners of the Company was mainly due to the dividends recognised as distribution of approximately HK$156.8 million in 1H2021, which was partially offset by (i) the other comprehensive income derived from the exchange differences on translation to presentation currency of approximately HK$21.1 million in 1H2021; and (ii) the profit attributable to owners of the Company of approximately HK$16.0 million recorded in 1H2021.

II. Information of the Target Company and the Property

According to the Letter from the Board, the Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The Target Company was acquired by the Vendor at HK$12,850. Immediately prior to Completion, the Target Company is held as to 100% by the Vendor. After Completion, the Company shall be interested in the entire issued share capital of the Target Company.

The Target Company is currently holding the Property located at 38 On Lok Mun Street, Fanling, New Territories, Hong Kong. The Property comprises a 6-storey building with total saleable area of approximately 32,397 square feet (equivalent to approximately 3,009.75 m^2), 3/F and part of the area on 4/F (the "**Existing Leased Area**") of which has been leased to a subsidiary of the Company as office and warehouse. Meanwhile, the other remaining portions of the Property is currently vacant. The Property was acquired by the Target Company on 8 June 2021 for a consideration of HK$217 million (exclusive of stamp duty and other costs and expenses). The total acquisition cost for the acquisition of the Property by the Target Company amounted to approximately HK$228.5 million (inclusive of stamp duty and other costs and expenses). Afterwards, the Target Company has paid HK$820,000 as deposit of the renovation work of the Property. Details of which are set out below:

	HK$
Consideration of the Property	217,000,000
Stamp duty	9,222,500
Property agent commission	2,000,000
Legal fee	252,839
Renovation deposit paid	820,000
Total cost and expenses (the "**Original Acquisition Cost**")	229,295,339

Set out below is the financial information of the Target Company extracted from the accountants' reports of the Target Company set out in Appendix II to the Circular:

	From 7 January 2020 (the date of incorporation) to 31 December 2020	For the eight months ended 31 August 2021
	HK$'000	*HK$'000*
	(Audited)	(Audited)
Revenue	—	—
Loss before taxation	—	2,244
Loss after taxation	—	2,244

According to the Letter from the Board, the Target Company has not derived any revenue from its incorporation to 31 August 2021. The net loss of the Target Company for the eight months ended 31 August 2021 of approximately HK$2.2 million mainly represented depreciation and administrative expenses. Since its incorporation, the Target Company financed its activities from shareholder's loan which will be assigned to the Company as Sale Loan upon Completion. As at the Latest Practicable Date, the loan due to the Vendor (the "**Shareholder's Loan**") amounted to approximately HK$232 million. Apart from the Shareholder's Loan, the Target Company has no other borrowing. There is no charge over any asset of the Target Company. Save as disclosed in the Circular, the Target Company has no funding requirements for capital expenditure commitments.

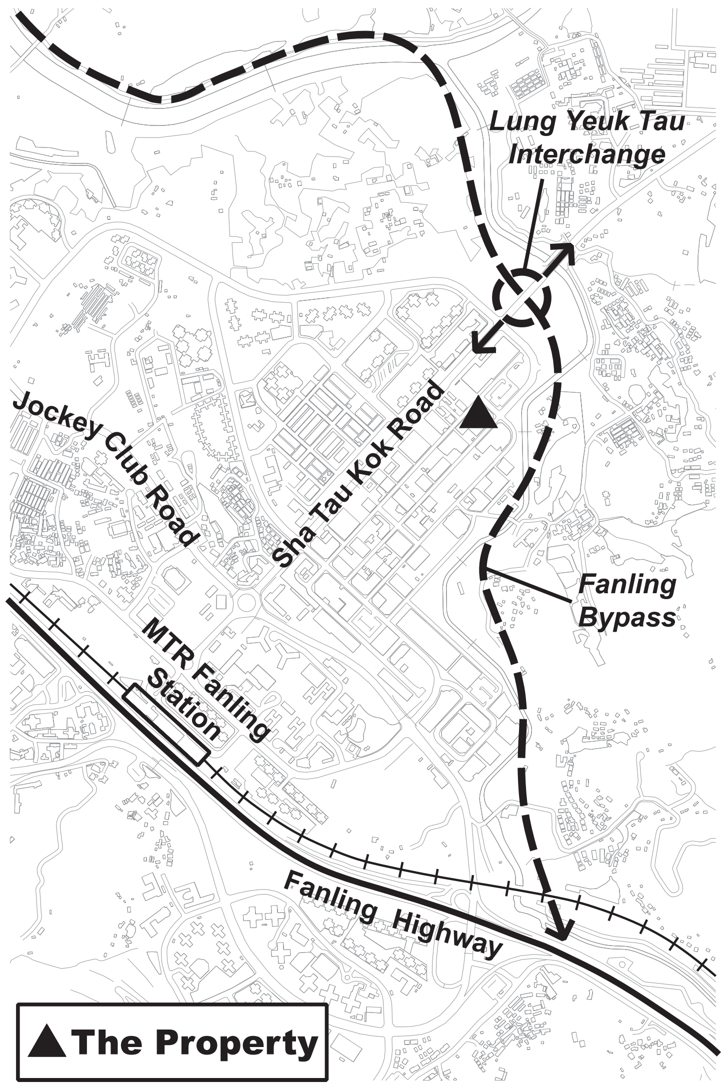
The audited net liabilities of the Target Company as at 31 August 2021 was approximately HK$2,244,000.

III. Background of, reasons for and benefits of the Acquisition

A. The Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market

The Directors are optimistic to the future of Hong Kong property market. According to the Letter from the Board, the Property (of which the Existing Leased Area forms part) is located at 38 On Lok Mun Street, On Lok Tsuen, Fanling, Hong Kong. On Lok Tsuen in Fanling is one of the major industrial areas in North District with a total area of about 32.6 hectare for industrial and warehouse use. The following map illustrates the location of the Property together with its surrounding environment:

Chart 1: Location of the Property

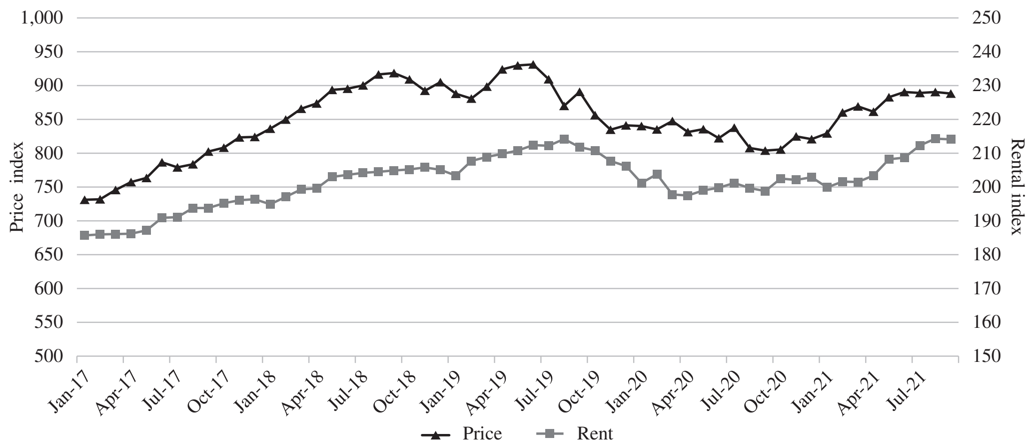


In order to assess the merits of the Acquisition, we have conducted a research on the property market in Hong Kong through public domains. The Hong Kong Government (the "**HK Government**") has promulgated an array of policies from time to time in an attempt to identify and develop new development areas to meet long-term housing demand and accommodate additional population and create associated jobs. In 2007, the Hong Kong Government promulgated "The Hong Kong 2030: Planning Vision and Strategy" (the "**Planning**"), which recommended to proceed with development of the Kwu Tung North (古洞北) and Fanling North New Development Areas with a total area of about 612 hectare. The HK Government expected that the Kwu Tung North and Fanling North New Development Areas could accommodate an additional population of about 188,100 and create about 40,100 new jobs. As at the Latest Practicable Date, most of the foundation and infrastructure works (including a new highway (namely, Fanling Bypass) connecting the Fanling North New Development Area to Fanling Highway) in the Fanling North New Development Area were underway. The Property is located adjacent to Lung Yeuk Tau Interchange, being one of the exits of the Fanling Bypass (as illustrated in Chart 1 above). It is expected that the Fanling Bypass, the construction of which is expected to complete in 2025, could further enhance the accessibility of the Property.

In addition, we noted from the 2021 Policy Address of Hong Kong that the HK Government proposed to develop the northern part of Hong Kong into a metropolitan area (the "**Northern Metropolis**") ideal for people to live, work and travel, and create more land resources for residential use and the development of industries. According to the 2021 Policy Address, the Northern Metropolis is expected to cover from the west to the east of the Shenzhen-Hong Kong Boundary Control Points Economic Belt (深港口岸經濟帶), as well as the deeper hinterlands. It is well-positioned to share the fruits of not only complementarity between the respective strengths of Hong Kong and Shenzhen but also their integrated development, and will in turn facilitate Hong Kong to better integrate into the overall development of the PRC. The Northern Metropolis will also be developed as an international innovation and technology hub with unique metropolitan landscape marked with "Urban-Rural Integration and Co-existence of Development and Conservation". The development of the Northern Metropolis will be driven by a transportation system with railways as its backbone, a new train station will be built next to On Lok Tsuen, Fanling (where the Property is located in). In view of the above, we concur with the Directors' view that the Acquisition provides an opportunity to the Company to benefit from the future growth of the Northern Metropolis.

Furthermore, we have studied the pricing trend of the private flatted factories in Hong Kong (the "**Private Factories**") for the past few years. The following chart illustrates the rental and price indices of the Private Factories during the period commencing from January 2017 to September 2021.

Chart 2: Rental and price indices of the Private Factories in Hong Kong



*Source: the Rating and Valuation Department of the HK Government (the "**R&V Department**")*

Note: Figures for June to September 2021 are provisional figures and are subject to adjustment.

As shown in Chart 2 above, the price index of the Private Factories demonstrated an increasing trend from 731.2 in January 2017 to 931.3 in June 2019, representing an increase of approximately 27.4%. The price index of the Private Factories then dropped significantly to 803.9 in September 2020. We believed that the decrease during such period was likely due to the impact of the social incident in Hong Kong and the outbreak of the novel coronavirus ("**COVID-19**"). Subsequently, the price index of the Private Factories rebounded to a relatively high level of 888.2 in September 2021. According to the research report (the "**Knight Frank Research Report**") headed "The "New Normal" for Commercial Real Estate in Hong Kong" published by Knight Frank Research (one of the leading independent property consultancy companies), the impact of the COVID-19 has been seen across all segments of the commercial real estate market in 2020. With implementation of a series of social-distancing and travel restrictions since early 2020, business activities in Hong Kong were hindered and many investors froze their plans and adopted a wait-and-see attitude for their investments. With the rollout of vaccination programme and the declining number of COVID-19 cases, overall business performance in Hong Kong has continued to improve and many investors have started to revisit potential opportunities to acquire bargain assets.

In addition, the HK Government launched the "Pilot Scheme for Charging Land Premium at Standard Rates on Lease Modifications for Redevelopment of Industrial Buildings" (the "**Pilot Scheme for Redevelopment**") in March 2021. The Pilot Scheme for Redevelopment aims to provide certainty on land premiums through promulgating a set of standard rates and expediting the completion of lease modification procedures for industrial buildings redevelopment, which will, in turn, encourage revitalization of industrial buildings through facilitating their early transformation into uses more compatible with the needs of society, and thus optimise the use of land. According to the Knight Frank Research Report, due to the implantation of the Pilot Scheme for Redevelopment, it is expected that industrial property sales momentum will grow steadily in the post COVID-19 era which will facilitate and shorten the process of industrial revitalisation and redevelopment, and thus prompt more industrial property investment.

In view of the above, in particular, (i) the HK Government has introduced an array of policies and development plans (including but not limited the development of Fanling North New Development Area and the introduction of the Northern Metropolis) to develop the North District in Hong Kong, which may have positive effects on the industrial and commercial property market in long run; (ii) notwithstanding a downside momentum brought by the outbreak of COVID-19 in 2020, the price index of the Private Factories demonstrated, in general, a growing trend in the past few years; and (iii) with the launch of vaccination programme and the declining number of new confirmed cases of COVID-19, it is expected that the industrial property sales momentum will grow steadily in the post COVID-19 era, we concur with the Directors' opinion that the Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market, which may, in turn, benefit the Group from the long term appreciation in value of the Property.

B. The Acquisition will enable the Group to secure an operation base and eliminate the potential impact of rental increment on the Group

As advised by the Management, the Group has, from time to time, leased certain area as its office and warehouse in Hong Kong. Since the beginning of 2021, the Company was, on one hand, negotiating with the landlord of the previous head office of the Company for renewal of its tenancy and on the other hand, started searching for suitable premise for rent to relocate the head office of the Company. In April 2021, the Company decided not to renew the lease for the previous head office of the Company as the Company and the landlord failed to reach an agreement over the rent for extension of the tenancy. After the Vendor (being the controlling shareholder of the Company) became aware of the failure to renew the lease of the previous head office of the Company, the Vendor informed the Company that the Target Company had acquired the Property which would be available for lease to the Group in June 2021. Having considered the floor area available to the Group is significantly larger than the previous head office of the Company at a reduced rental and its proximity to the Shenzhen office of the Group, in July 2021, the Group (as tenant) entered into the Tenancy Agreement with the Target Company (as landlord) in respect of the leasing of the Existing Leased Area (which forms part of the Property) for a term of one year commencing from 1 September 2021 to 31 August 2022 (both days inclusive). Pursuant to the Tenancy Agreement, the rent payable by the Group for the Existing Leased Area is HK$94,500 per month, plus the rates and Government rent attributable to the Existing Leased Area (subject to the actual amount demanded by the Government). The Existing Leased Area is currently used as the Company's head office and principal place of business in Hong Kong with effect from 13 October 2021. We are of the view that the Acquisition will enable the Group to secure an operation base and eliminate the potential impact of rental increment on the Group.

As discussed in the paragraph headed "*A. The Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market*" above, the Directors are optimistic to the future of Hong Kong property market. Since September 2021, the Directors were looking for investment opportunities in Hong Kong property market. Fanling is identified as the primary target location for investment in view of its proximity to the Shenzhen office of the Group and an array of policies and development plans (including but not limited the development of Fanling North New Development Area and the introduction of the Northern Metropolis) introduced by the HK Government to develop the North District in Hong Kong. We were given to understand that in addition to the Property, the Company has also, through property agent, identified several potential targeted properties (the "**Potential Targeted Properties**"), all of which are located in On Lok Tsuen, Fanling near the Property and are available for sale at the moment. However, after taking into consideration a basket of factors (including but limited to size, consideration and building age), the Directors are of the view that the Property is, on balance, the most suitable investment target to the Group as compared to the Potential Targeted Properties.

As mentioned in the Letter from the Board, the Directors also considered that the Company could save stamp duty of 4.25% and property agent commission of 1% under current arrangement of the Acquisition, which would have otherwise incurred if the Company was to purchase other available property from the market which would increase the total investment cost of the Company and thereby reducing the possible return on investment if it is disposed in the future.

Notwithstanding that the Consideration of HK$233.0 million represents a premium of approximately 1.6% over the Original Acquisition Cost of approximately HK$229.3 million, having considered the facts that (i) the Property is, on balance, the most suitable investment target to the Group as compared to the Potential Targeted Properties; (ii) the Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the property valuation of the Property of HK$233.0 million; (iii) the Consideration of HK$233.0 million is slightly lower than the Aggregate Transaction Value *(as defined below)* of approximately HK$234.0 million (please refer to our analysis as detailed in the paragraph headed "*B. Consideration*" under the section headed "*IV. Terms of the Sale and Purchase Agreement*" below); and (iv) the property market has showed a sign of recovery after the rollout of vaccination programme and the declining number of COVID-19 cases, and the price index of the Private Factories increased from 861.4 in April 2021 (being the month immediately preceding the date of the provisional sale and purchase agreement dated 3 May 2021 entered into between the Vendor (as purchaser) and an independent third party (as vendor)) to 888.2 in September 2021 (being the month immediately preceding the date of the Sale and Purchase Agreement), representing an increase of approximately 3.1%, we are of the view that the Acquisition is fair and reasonable.

C. The future rental income from the Property will provide a stable income to the Group

According to the Valuation Report, the Property comprises a 6-storey building with total saleable area of approximately 32,397 square feet (equivalent to approximately 3,009.75 m^2). Details of the Property are set forth below:

Floor	Saleable Area *(ft^2)*	Intended Use
G	1,923	Self-use
1	6,079	Lease-out
2	6,110	Self-use
3	6,095	Self-use
4	6,095	Self-use
5	6,095	Lease-out
Sub-total	32,397	

Floor	Internal Floor Area *(ft^2)*	Intended Use
Roof	4,167	Self-use

There are three lorry parking spaces and two private parking spaces together with the loading and unloading areas, lavatories, turn-table, transformer room and switch room in the ground floor which is permitted to be used as a workshop. Each of the upper floors consists of workshop with lavatories. As advised by the Management, it is the current intention of the Company to lease out the first and fifth floors of the Property (the "**Potential Leased-out Area**") and the remaining portion of the Property shall be for the Group's own uses. The total saleable area of the Potential Leased-out Area is approximately 12,174 square feet (equivalent to approximately 1,130.99 m^2).

As shown in Chart 2 above, save for the impact of the social incident in the second half of 2019 and the outbreak of COVID-19 in 2020, the rent index of the Private Factories demonstrated, in general, a growing trend in the past few years, and increased from 185.7 in January 2017 to 214.1 in September 2021, representing an increase of approximately 15.3%. Based on (i) the average monthly rent of the Private Factories in New Territories in September 2021 of approximately HK$162 per square meter as published by the R&V Department; and (ii) the total saleable area of the Potential Leased-out Area of approximately 12,174 square feet (equivalent to approximately 1,130.99 m^2), the lease of the Potential Leased-out Area will generate a rental income of approximately HK$183,000 per month (HK$162 x 1,130.99 m^2) to the Group. We are of the opinion that the future rental income of the Potential Leased-out Area will provide a stable income to the Group.

D. Conclusion

Having considered the above, in particular the facts that (i) the Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market, which may, in turn, benefit the Group from the long term appreciation in value of the Property; (ii) the Acquisition will enable the Group to secure an operation base and eliminate the potential impact of rental increment on the Group; (iii) the future rental income of the Potential Leased-out Area will provide a stable income to the Group; and (iv) the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable and on normal commercial terms (please refer to our analysis as set out in the section headed "*IV. Terms of the Sale and Purchase Agreement*" below), we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

IV. Terms of the Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 21 October 2021 (as supplemented on 15 December 2021)

Parties:

(i) the Vendor; and

(ii) the Company

Assets to be acquired: Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan, which amounted to approximately HK$232 million as at the Latest Practicable Date.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The only significant asset of the Target Company is the Property.

The Consideration for the Acquisition is HK$233.0 million, which shall be satisfied by the Company in cash upon Completion. The Consideration will be funded as to HK$139.8 million by the Group's internal resources and as to HK$93.2 million by a three-year term loan to be secured by (i) equity pledge over 100% equity interest in the Target Company; (ii) all monies first legal charge and rental assignment over the Property; (iii) unlimited corporate guarantee from the Target Company; (iv) unlimited cross corporate guarantee between Brilliant Circle Development Limited (a wholly-owned subsidiary of the Company) and the Company; and (v) unlimited corporate guarantee from the Company to Brilliant Circle Development Limited to be obtained by the Company from a bank at Completion. According to the Letter from the Board, the Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the preliminary property valuation of the Property of HK$233.0 million.

A. Valuation

In assessing the fairness and reasonableness of the Valuation, we have reviewed the Valuation Report and discussed with JLL in relation to (i) the methodology and assumptions used in performing the Valuation; (ii) their scope of work for conducting the Valuation; and (iii) their relevant professional qualifications as a property valuer.

(i) Valuation methodology

We noted from the Valuation Report that the Valuation has been carried out by using the direct comparison method to arrive at the market value of the Property with reference to the recent sales (the "**Comparable Transactions**") of comparable properties (the "**Comparable Properties**"). Comparable Properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each Comparable Property in order to arrive at a fair comparison of values. As advised by JLL, the direct comparison method is considered to be the most appropriate valuation approach for assessing the market value of the Property given that there is relatively abundant market information available in an open market. In this regard, we have reviewed on similar property valuations conducted by other listed companies on the Stock Exchange, and noted that such approach is commonly adopted valuation methodology in valuing properties.

We have obtained from, and discussed with, JLL the details of the Comparable Transactions selected (including but not limited to the size and location of the Comparable Properties, the transaction date and the transaction amount). We understood from JLL that in conducting the Valuation, they have divided the Property into several parts, namely (i) the ground floor of the Property; (ii) the upper floors of the Property (i.e. the first to fifth floors); (iii) the roof top of the Property; (iv) three lorry parking spaces; and (v) two private parking spaces. The Comparable Transactions were selected based on the following selection criteria:

(i) **Usage:** Transactions involving industrial units, lorry parking spaces and private parking spaces in industrial buildings are selected;

(ii) **Location:** Industrial buildings within the close proximity as the Property are selected in order to reflect the market value of the Property. The Comparable Transactions for upper floor industrial units, lorry parking spaces and private parking spaces are located in Fanling and Sheung Shui, whereas the Comparable Transactions for ground floor industrial units are located in Fanling, Sheung Shui and Tuen Mun as transactions of ground floor industrial units are rare in the locality;

(iii) **Flooring:** Transactions of industrial units on ground floor are selected to assess the market value of the ground floor of the Property, while the Comparable Transactions for upper floor industrial units are from third floor to sixth floor. In general, the unit rate of the industrial unit on lower level is higher than those on upper level because of the ease of accessibility, loading and floor level;

(iv) **Transaction date:** The transactions with transaction date close to the valuation date are selected in order to reflect the latest market price. Taking into account the sample size, the Comparable Properties for upper floor industrial units were transacted from March 2021 to September 2021, while the Comparable Properties for ground floor industrial units were transacted from March 2020 to September 2021. As the car parking spaces transactions in industrial buildings are rare in the locality, the Comparable Transactions for lorry parking and private parking spaces were conducted from October 2018 to April 2021.

To the best of the knowledge of JLL, each respective list of the Comparable Transactions is exhaustive based on the aforementioned selection criteria. Afterwards, adjustments on the transaction price of the Comparable Properties were made after taking into account certain factors (including but not limited to time, location, size, floor, building age, headroom and loading (collectively, the "**Valuation Adjustment Factors**")) in order to arrive at a fair comparison of values. We have reviewed and enquired with JLL regarding the Valuation Adjustment Factors and the rationale behind, and were given to understand that adjustments were made in respect of (i) time of the underlying property transactions completed to reflect the change in market price based on the price index as published by R&V Department; (ii) location of the underlying properties to reflect the potential discount applied to the unit rate of properties located in more remote area; (iii) size of the underlying properties to reflect the potential discount applied to the unit rate of larger properties as generally noted in the real estate market and perceived by the valuation practitioners; (iv) floor of the underlying properties to reflect the potential discount applied to the unit rate of properties located in higher floor because of the accessibility and loading; (v) building age of the underlying properties to reflect the potential discount applied to the unit rate of properties with higher building age in view of depreciation; (vi) headroom of the underlying properties to reflect the potential discount applied to the unit rate of properties with lower headroom; and (vii) loading of the underlying properties to reflect the potential discount applied to the unit rate of properties with lower loading, and vice versa. In addition, JLL has also confirmed that all of the adjustments applied conform to the market practice. Based on the above, we are of the view that the relevant adjustments applied during the Valuation are fair and reasonable.

As advised by JLL, as there are no comparable transactions for roof top of industrial properties in the vicinity, approximately one sixth of the unit rate of the fifth floor of the Property is adopted to arrive at the value of the roof top of the Property based on their experience in evaluating industrial properties in Hong Kong.

In light of the above, and taking into account the Valuation Adjustment Factors and their effects on the price adjustment of the Comparable Transactions, we are of the view that the Comparable Properties are appropriate for the Valuation, and we concur with JLL's view that the direct comparison method is appropriate and common to determine the market value of the Property.

(ii) Valuation assumptions

According to the Valuation Report, JLL has adopted the following assumptions in arriving at the Valuation:

1. good and marketable title, and no encumbrance on the property's title which could materially affect its value;

2. no encroachment by or on the property and no unauthorized additions or structural alterations (the Valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the Property);

3. no major environmental factor (including contamination) affects the Property;

4. no deficiencies in the structural integrity of the Property and other improvements;

5. the Property is not affected or required for any public purposes or is to be acquired for a public purpose;

6. there are no outstanding statutory orders on the Property or the likely possibility of future orders being made by a regulatory authority;

7. body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance;

8. no material litigation pending relating to the Property;

9. that the Property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations; and

10. no deleterious materials (including by way of example asbestos and calcium chloride).

Based on our discussions with JLL, we understand that all the assumptions in the Valuation are generally adopted in other valuations of similar industrial properties and are necessary for JLL to arrive at a reasonable estimated reference value of the Property. Accordingly, we consider that the adoption of the assumptions in the Valuation is fair and reasonable.

(iii) Scope of work and competence of JLL

In respect of the scope of work and competence of JLL, we have reviewed the engagement letter between the Company and JLL in respect of the Valuation, and are satisfied that the terms of the engagement letter between the Company and JLL are appropriate to the opinion that JLL is required to provide. We have discussed with JLL in relation to their experiences and were given to understand that Mr. Cliff Tse, the person-in-charge of the Valuation, is a senior director of the Valuation Advisory Services Department in JLL supervising a team of valuers. He is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors and a Registered Professional Surveyor (General Practice Division) with over 28 years' experience in asset valuations in the property field in both Hong Kong and Macau. JLL has also confirmed that they are independent to the Company, the Vendor and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. We are of the view that JLL possesses sufficient professional qualifications and independence required to perform the Valuation.

Having considered the above, we are of the view that the Valuation conducted by JLL is fair and reasonable.

B. Consideration

In assessing the fairness and reasonableness of the Consideration of HK$233.0 million, we have compared the Consideration to the fair transaction value for the Sale Share and the Sale Loan. According to the Letter from the Board, the Company and the Vendor have mutually agreed that immediately prior to Completion, all bank balances of the Target Company will be used to set-off the outstanding Shareholder's Loan due from the Target Company to the Vendor on dollar-to-dollar basis before the Sale Loan is assigned to the Company on Completion. Based on the audited balance sheet of the Target Company as at 31 August 2021, the bank balances of the Target Company and the Shareholder's Loan amounted to approximately HK$2.2

million and approximately HK$231.9 million, respectively, as at 31 August 2021. As advised by the Management, the Target Company is expected to generate net cash inflow from its operation from 1 September 2021 and up to the date of Completion, which is mainly attributable to the rental income of the Existing Leased Area of HK$94,500 per month payable by the Group. The increase in the bank balances of the Target Company (if any) will, on one hand, result in the increase in net assets of the Target Company, and on the other hand, result in the decrease in the Shareholder's Loan in the same amount since all bank balances of the Target Company will be used to set-off the Shareholder's Loan on dollar-to-dollar basis immediately prior to Completion. Therefore, we consider that the net cash inflow (or even outflow) to be generated from the operation for the Target Company from 1 September 2021 and up to the date of Completion will not change the aggregate transaction value of the Sale Share and the Sale Loan (the "**Aggregate Transaction Value**").

As if (i) all bank balances of the Target Company would have been used to set-off the Shareholder's Loan; and (ii) the fair value of the Property would have been adjusted based on the Valuation Report, the pro forma balance sheet of the Target Company as at 31 August 2021 would be as follows:

	Audited balance sheet of the Target Company as at 31 August 2021	**Pro forma adjustment**		**Pro forma balance sheet of the Target Company as at 31 August 2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	
NON CURRENT ASSETS				
Deposits	820			820
Investment properties	226,435	6,565		233,000
CURRENT ASSETS				
Prepayments and deposits	212			212
Bank balances	2,209		(2,209)	—
TOTAL ASSETS	229,676			234,032
CURRENT LIABILITIES				
Amount due to the Vendor	(231,920)		2,209	(229,711)
TOTAL LIABILITIES	(231,920)			(229,711)
NET ASSETS/ (LIABILITIES)	(2,244)			4,321

Notes:

1. The audited statement of financial position of the Target Company is extracted from the accountants' report as set out in Appendix II to the Circular.

2. The adjustment represents the difference between the fair value of the Property as at 15 October 2021 of HK$233,000,000 as per the Valuation Report and the book value of the Property of approximately HK$226,435,000 according to the audited balance sheet of the Target Company as at 31 August 2021.

3. The adjustment represents the effect of the setting off of the Shareholder's Loan by all bank balance of the Target Company of approximately HK$2,209,000 as at 31 August 2021.

The Aggregate Transaction Value would be approximately HK$234.0 million, which is calculated based on the pro forma balance sheet of the Target Company as at 31 August 2021 above and represents a combined value of:

(a) the pro forma net asset of the Target Company of approximately HK$4.3 million as at 31 August 2021; and

(b) the pro forma Shareholder's Loan of approximately HK$229.7 million as at 31 August 2021.

In light of the above and that the Consideration of HK$233,000,000 is slightly lower than the Aggregate Transaction Value, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

C. Conclusion

Having considered the above, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

V. Financial effects of the Acquisition

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated in the books and accounts of the Group.

Based on our discussion with, and the representation from, the Management, we understand that the following factors have been taken into account when the Company considered the potential impact of the Acquisition on the financial performance and position of the Group:

(i) Effect on net assets

Based on the unaudited pro forma statement of financial position of the Enlarged Group as set out in Appendix III to the Circular, which is prepared as if the Acquisition had completed on 30 June 2021 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately

HK$3,445.7 million to approximately HK$3,537.5 million and the total liabilities of the Group would increase from approximately HK$795.7 million to approximately HK$888.9 million. As a result, the net assets attributable to owners of the Company would decrease from approximately HK$2,650.0 million to approximately HK$2,648.6 million.

(ii) Effect on liquidity

According to 2021 Interim Report, the Group had cash and cash equivalent of approximately HK$405.5 million as at 30 June 2021. As advised by the Management, the Consideration of HK$233.0 million payable by the Company upon Completion shall be satisfied by cash, which will be funded as to approximately HK$139.8 million by the Group's internal resources and as to approximately HK$93.2 million by a three-year secured term loan to be obtained by the Company from a bank at Completion. In addition, it is expected that the Acquisition will incur transaction costs of approximately HK$1.4 million. Accordingly, the Group's cash and cash equivalent is expected to decrease by approximately HK$141.2 million.

(iii) Effect on earnings

As set out in the section headed ''III. Background of, reasons for and benefits of the Acquisition'' above, it is the current intention of the Company to lease out the Potential Leased-out Area and the remaining portion of the Property (including the Existing Leased Area) shall be for the Group's own uses after Completion. Therefore, the Acquisition enables the Group to reduce the rental expenses burden of the Group in relation to the use of the Property and generate rental income from the leasing out of the Potential Leased-out Area. Pursuant to the Tenancy Agreement, the rent payable by the Group for the Existing Leased Area is HK$94,500 per month, plus the rates and Government rent attributable to the Existing Leased Area (subject to the actual amount demanded by the Government). Accordingly, the Group can save rental expenses of approximately HK$1.1 million per annum as a result of the Acquisition. As advised by the Management, it is expected that subsequent to the Acquisition, depreciation of property, plant and equipment and investment properties (which is non-cash nature) of approximately HK$9.1 million per annum will be recorded.

Furthermore, renovation contract in respect of the Property with contract amount of approximately HK$1.1 million has been signed, among which HK$820,000 has been paid by the Target Company. The renovation contract sum will be recognized as buildings under property, plant and equipment and will be depreciated on a straight-line basis over the term of lease. In addition, the Group has incurred approximately HK$3.7 million for the fitting-out of the Existing Leased Area, which will be recognized as leasehold improvement under property, plant and equipment and will be depreciated on a straight-line basis by its estimated useful lives of 3 years.

It should be noted that the analyses above are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be after Completion of the Acquisition.

OPINION

Having taken into account the above principal factors and reasons, we are of the view that notwithstanding that the entering into of the Sale and Purchase Agreement and the Acquisition are not in the ordinary and usual course of business of the Group, the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition).

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan **Rebecca Mak**
Managing Director *Director*

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

FINANCIAL INFORMATION ON THE GROUP

The audited consolidated financial statements of the Group for each of the financial years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2021 were disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange and the Company:

(i) annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 53 to 236). Please see below the link to the 2018 annual report of the Company:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904293160.pdf

(ii) annual report of the Company for the year ended 31 December 2019 published on 24 April 2020 (pages 57 to 242). Please also see below the link to the 2019 annual report of the Company:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400842.pdf

(iii) annual report of the Company for the year ended 31 December 2020 published on 28 April 2021 (pages 58 to 230). Please also see below the link to the 2020 annual report of the Company:
https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800963.pdf

(iv) interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021 (pages 19 to 52). Please also see below the link to the 2021 interim report of the Company:
https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600810.pdf

INDEBTEDNESS STATEMENT OF THE ENLARGED GROUP

Borrowings

At the close of business on 31 October 2021, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had (i) unsecured borrowings of approximately HK$3 million from a non-controlling shareholder of subsidiaries; (ii) unsecured bank borrowings of approximately HK$273 million; and (iii) unsecured amount due to the ultimate controlling party of the Target Company of approximately HK$232 million.

Pledge of assets

At the close of business on 31 October 2021, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group's banking facilities on bills payables are secured by charges over pledged bank deposits of approximately HK$25 million. The pledged bank deposits will be released upon the settlement of relevant bills payables.

Lease liabilities

As at 31 October 2021, the Enlarged Group had outstanding lease liabilities (including both current and non-current portions) of approximately HK$0.4 million.

	As at 30 September 2021
	HK$'000
	(Unaudited)
Amounts payable	396
Less: future finance charges	(23)
	373

As at 31 October 2021, the incremental borrowing rates for lease liabilities of the Enlarged Group at 4.75% per annum.

Contingent liabilities

As set out in the section headed "Litigation" in Appendix V to this circular, the Shenzhen Court of International Arbitration issued its verdict and ruled that: (i) the Group and another respondent are jointly liable to compensate HK$20 million and certain legal costs to the claimant; and (ii) the claimant is liable to compensate certain legal costs to the Group. Both the Group and the other respondent have respectively applied to Shenzhen Intermediate People's Court (the "**Court**") for cancellation of the arbitration and for stay of the execution. In the opinion of the Directors, as at 31 October 2021, the maximum liabilities to this legal case to the Enlarged Group would be approximately HK$20 million plus costs and accrued interest.

In December 2021, the Group was notified that the applications of both the Group and the other respondent were not successful and the Group has applied to the Court for the set-off of the legal costs, arbitration expenses and related interest between the respondents and the claimant. As at the Latest Practicable Date as defined in this circular, the claimant has frozen the bank account of the other respondent in the sum of RMB18.5 million for enforcement purpose and the decision from the Court on the total amount of compensation, legal cost and charges liable to the Group and the other respondent is still pending. The Group will further negotiate with the other respondent for the amount of compensation and the related legal costs and charges sharing between the Group and the other respondent.

At the close of business on 31 October 2021, the Enlarged Group had neither any guarantee nor any other contingent liabilities in existence.

Commitment

At the close of business on 31 October 2021, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment of approximately HK$44 million.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 October 2021, the Enlarged Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Enlarged Group since 31 October 2021 up to the date of this circular.

WORKING CAPITAL SUFFICIENCY OF THE ENLARGED GROUP

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Enlarged Group including but not limited to the existing cash and bank balances, cash flows generated from the operating activities, available facilities and the effect of the Acquisition, the Enlarged Group will have sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for: (i) the decrease in profit and revenue for the six months ended 30 June 2021 as disclosed in the interim report of the Company for the six months ended 30 June 2021; and (ii) the potential liabilities payable by the Group as disclosed in the section headed "Litigation" in Appendix V to this circular, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in (i) the printing and manufacturing of cigarette packages and related materials; (ii) manufacturing of laminated papers; and (iii) sales of RFID products.

During the first half of 2021, China's tobacco industry's production and sales volumes continued to grow steadily. Cigarettes sold increased in volume and value by 1.3% and 5.7% respectively. The China National Tobacco Corporation continued its policy to implement mandatory tendering. Under the pressure of the fall of tender prices and the rising of raw materials prices, the Group has implemented a series of measures, which including strengthening production cost control, improving production efficiency and enhancing inventory management, in order to cope with the challenges to the profitability of the Group.

Since December 2020, the Group has not successfully bid the tender of some customers for the orders in the coming years. The failure to successfully bid for these customers' tender have an adverse financial impact on the overall revenue and profitability of the Group for the 2021 and the coming years. As such, the financial positions and performance of the Group were affected in different aspects, including the decrease in revenue arising from printing of cigarette packages and impairment losses on goodwill. In view of the importance of tendering, the Group has already established a specific team to plan and organise the tendering among the subsidiaries.

Looking ahead, the Group will continue to make cigarette packaging the solid foundation of the Group's development and look for further development in the new business (like the sale of RFID products). The Group will continue to increase in participation of tenders, actively expand into other packaging markets and continue to reduce the pressure of declining gross profit through cost reduction and efficiency enhancement and resource consolidation measures.

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to equip the Group with growth momentum, and to broaden the sources of revenue within acceptable risk level. The Directors consider that the Acquisition represents a good investment opportunity for the Company to invest in the Hong Kong property market and the future rental income from the Property will provide stable income for the Group while at the same time the Group may have the benefits from the long term appreciation in value of the Property.

The Company also will continue to explore other possibility of investing in or diversifying into other profitable business as long as it is in the interests of the Company and its shareholders as a whole, in order to achieve sustainable growth, increasing profitability and ultimately maximising the return to the Shareholders.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong.

mazars

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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF EAGLE SWIFT LIMITED

The Board of Directors
Litu Holdings Limited
(formerly known as Brilliant Circle Holdings International Limited)

Introduction

We report on the historical financial information of EAGLE SWIFT LIMITED (the "**Target Company**") set out on pages II-4 to II-25, which comprises the statements of financial position of the Target Company as at 31 December 2020 and 31 August 2021, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for the period from 7 January 2020 (date of incorporation) to 31 December 2020 and for the eight months ended 31 August 2021 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-25 forms an integral part of this report, which has been prepared for inclusion in the circular of Litu Holdings Limited *(formerly known as Brilliant Circle Holdings International Limited)* (the "**Company**") dated 24 December 2021 (the "**Circular**") in connection with the acquisition of the entire issued share capital of the Target Company by the Company (the "**Acquisition**").

Sole Director's responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Reports on Historical*

Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our 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, we considered internal control relevant to the Target Company's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company which comprises the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 7 January 2020 (date of incorporation) to 31 August 2020 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The sole director of the Target Company is responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Preparation or audit of financial statements

No audited financial statements of the Target Company have been prepared for the period from its date of incorporation to the date of this report as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 24 December 2021

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the sole director of the Target Company in accordance with the accounting policies that conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by Mazars CPA Limited, *Certified Public Accountants*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Target Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Period from 7 January 2020 (date of incorporation) to 31 December 2020	Period from 7 January 2020 (date of incorporation) to 31 August 2020	Eight months ended 31 August 2021
		HK$'000	*HK$'000* (Unaudited)	*HK$'000*
Revenue	*5*	—	—	—
Depreciation	*12*	—	—	2,040
Other expenses		—	—	204
Loss before taxation	*6*	—	—	(2,244)
Taxation	*9*	—	—	—
Loss for the period and total comprehensive loss for the period		—	—	(2,244)

STATEMENTS OF FINANCIAL POSITION

	Note	At 31 December 2020 HK$'000	At 31 August 2021 HK$'000
Non-current assets			
Investment properties	*12*	—	226,435
Deposits paid for acquisition of property, plant and equipment	*13*	—	820
		—	227,255
Current assets			
Prepayments and deposits	*13*	—	212
Bank balances	*14*	100	2,209
		100	2,421
Current liabilities			
Due to the Ultimate Controlling Party	*15*	100	231,920
Net current liabilities		—	(229,499)
NET LIABILITIES		—	(2,244)
Capital and reserves			
Share capital	*16*	—*	—*
Accumulated losses		—	(2,244)
TOTAL DEFICITS		—	(2,244)

* *Represent amounts less than HK$1,000*

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$'000* *(Note 16)*	Accumulated losses *HK$'000*	Total *HK$'000*
At 7 January 2020 (date of incorporation)	—	—	—
Transaction with owner:			
Contribution and distribution			
Issue of share capital	—*	—	—*
Loss for the period and total comprehensive loss for the period	—	—	—
At 31 December 2020 and 1 January 2021	—*	—	—*
Loss for the period and total comprehensive loss for the period	—	(2,244)	(2,244)
At 31 August 2021	—*	(2,244)	(2,244)
At 7 January 2020 (date of incorporation)	—	—	—
Transaction with owner:			
Contribution and distribution			
Issue of share capital	—*	—	—*
Loss for the period and total comprehensive loss for the period	—	—	—
At 31 August 2020 (unaudited)	—*	—	—*

* *Represent amounts less than HK$1,000*

STATEMENTS OF CASH FLOWS

	Note	Period from 7 January 2020 (date of incorporation) to 31 December 2020	Period from 7 January 2020 (date of incorporation) to 31 August 2020	Eight months ended 31 August 2021
		HK$'000	*HK$'000*	*HK$'000*
			(Unaudited)	
OPERATING ACTIVITIES				
Loss before taxation		—	—	(2,244)
Adjustment for:				
Depreciation		—	—	2,040
Change in working capital:				
Prepayments and deposits		—	—	(212)
Cash used in operations and net cash used in operating activities		—	—	(416)
INVESTING ACTIVITIES				
Purchase of investment properties	*12*	—	—	(228,475)
Net cash used in investing activities		—	—	(228,475)
FINANCING ACTIVITIES	*17*			
Advances from the Ultimate Controlling Party		100	100	231,000
Net cash from financing activities		100	100	231,000
Net increase in cash and cash equivalents		100	100	2,109
Cash and cash equivalents at the beginning of the reporting period		—	—	100
Cash and cash equivalents at the end of the reporting period, represented by bank balances		100	100	2,209

MAJOR NON-CASH TRANSACTIONS

On 28 April 2020, the Target Company issued and allotted 1 ordinary share of USD1 at USD1 each, which was settled through the current account maintained with the Ultimate Controlling Party.

During the eight months ended 31 August 2021, deposits paid for acquisition of property, plant and equipment amounting to HK$820,000 were settled through the current account maintained with the Ultimate Controlling Party.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

EAGLE SWIFT LIMITED (the "**Target Company**") was incorporated in the British Virgin Islands under the BVI Business Companies Act with limited liability on 7 January 2020. The ultimate controlling party of the Target Company is Mr. Cai Xiao Ming David (the "**Ultimate Controlling Party**"). The address of the registered office of the Target Company is at 3rd Floor, J & C Building, Road Town, Tortola, the British Virgin Islands, VG1110. The address of the principal place of business of the Target Company is 3/F, 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong.

The principal activities of the Target Company is property holding.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

This Historical Financial Information presents the financial track record of the Target Company for the period from 7 January 2020 (date of incorporation) to 31 December 2020 and for the eight months ended 31 August 2021 (the "**Relevant Periods**") and is prepared for the purposes of inclusion in a circular of Litu Holdings Limited *(formerly known as Brilliant Circle Holdings International Limited)* (the "**Company**") to its shareholders for the acquisition of the Target Company, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2020.

The Historical Financial Information was prepared by the sole director of the Target Company, based on the Underlying Financial Statements of the Target Company for the Relevant Periods. In preparing the Historical Financial Information, no adjustments have been made to the Underlying Financial Statements by the sole director of the Target Company. The Underlying Financial Statements were prepared by the sole director of the Target Company based on the issued financial statements of the Target Company for the Relevant Periods.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Going concern

During the eight months ended 31 August 2021, the Target Company incurred a net loss of approximately HK$2,244,000 and, as of that date, the Target Company had net current liabilities and net liabilities of approximately HK$229,499,000 and HK$2,244,000 respectively, including amount due to the Ultimate Controlling Party of approximately HK$231,920,000. The Ultimate Controlling Party has agreed to provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future. The sole director of the Target Company was of the opinion that the Target Company would have necessary liquid funds to finance its working capital and capital expenditure requirements. Therefore, the sole director of the Target Company considers it is appropriate to prepare the Historical Financial Information on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with the basis set out below which conforms to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of the preparation of the Historical Financial Information, the Target Company has consistently adopted all HKFRSs that are relevant to its operations and are effective during the Relevant Periods.

A summary of the significant accounting policies adopted by the Target Company in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is historical cost.

Investment properties

Investment properties are land and buildings that are held by owner or lessee to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation provided to write off the cost less accumulated impairment losses of investment properties over its estimated useful lives using the straight-line method, after taking into account of their estimated residual value.

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

Leases

The Target Company assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessor

The Target Company classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Target Company accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Target Company allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor — operating lease

The Target Company applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Target Company's contractual rights to future cash flows from the financial asset expire or (ii) the Target Company transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset.

If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**FVOCI**"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Target Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Target Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms 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 arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Target Company's financial assets at amortised cost include deposits and bank balances.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Target Company's financial liabilities include amount due to the Ultimate Controlling Party. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Target Company recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Target Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Target Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instruments

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Target Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Target Company may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria:

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Target Company.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information to demonstrate otherwise.

Notwithstanding the foregoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 21 to the Historical Financial Information, deposits and bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Target Company applies the practical expedient not to account for the significant financing components, the Target Company applies a simplified approach in calculating ECL. The Target Company recognises a loss allowance based on lifetime ECL at each reporting date and 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.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Target Company writes off a financial asset when the Target Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Target Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Target Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At the end of each reporting period, the Target Company reviews internal and external sources of information to assess whether there is any indication that investment properties may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss recognised as an income in profit or loss immediately.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Target Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Target Company.

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

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

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

(iii) is a member of the key management personnel of the Target Company or of the holding company of the Target Company.

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

(i) the entity and the Target Company are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

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

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

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

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Target Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Impairment of non-financial assets

The Target Company assesses whether there are any indicators of impairment for investment properties at the end of each reporting period in accordance with the accounting policies as disclosed in note 3 to the Historical Financial Information. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

Future changes in HKFRSs

At the date of approving the Historical Financial Information, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the Relevant Periods, which the Target Company has not early adopted:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021[1]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to HKFRSs	2018–2020 Cycle[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 1	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 The effective date to be determined

The sole director of the Target Company does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Target Company's financial information.

4. SEGMENT INFORMATION

The Target Company is principally engaged in property holding. Information reported to the sole director of the Target Company, being the chief operating decision-maker ("**CODM**"), for the purposes of resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Target Company's business and the profit or loss of the Target Company as a whole.

The sole director of the Target Company regards the Target Company's business as a single operating segment and review the financial statements accordingly. As the Target Company has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the sole director of the Target Company for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Target Company, no separate segmental analysis is presented in the Historical Financial Information. The sole director assesses the performance based on profit or loss before taxation of the Target Company. Total assets and total liabilities are measured in a manner consistent with that in the statements of financial position.

5. REVENUE

The Target Company did not generate any revenue during the Relevant Periods.

6. LOSS BEFORE TAXATION

This is stated after charging:

	Period from 7 January 2020 (date of incorporation) to 31 December 2020	Period from 7 January 2020 (date of incorporation) to 31 August 2020	Eight months ended 31 August 2021
	HK$'000	*HK$'000*	*HK$'000*
		(Unaudited)	
Other items			
Auditor's remuneration	—	—	—
Depreciation of investment properties	—	—	2,040
Direct operating expenses relating to investment properties that did not generate rental income	—	—	192

7. BENEFIT AND INTERESTS OF SOLE DIRECTOR

The following disclosures are made pursuant to the disclosure requirements of section 383(1) of the Hong Kong Companies Ordinance and Part 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

(a) Sole Director's Remuneration

During the Relevant Periods, no fees, salaries, allowances, benefit in kinds, discretionary bonus and contributions to defined contribution plans were paid or made, directly or indirectly, to the sole director of the Target Company.

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

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

There are no loans, quasi-loans and other dealings in favour of sole director of the Target Company that were entered into or subsisted during the Relevant Periods.

(c) Sole Director's material interests in transactions, arrangements or contracts

After consideration, the sole director is of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Company's business to which the Target Company was a party and in which a director of the Target Company had a material interest whether directly or indirectly, subsisted at the year or at any time during the Relevant Periods.

8. FIVE HIGHEST PAID INDIVIDUALS

There was no employee in the Target Company except for the sole director of the Target Company during the Relevant Periods, details of the sole director's remuneration has been disclosed in note 7(a) to the Historical Financial Information.

9. TAXATION

Hong Kong Profits Tax has not been provided as the Target Company had no assessable profits during the Relevant Periods.

Reconciliation of income tax expense

	Period from 7 January 2020 (date of incorporation) to 31 December 2020	**Period from 7 January 2020 (date of incorporation) to 31 August 2020**	**Eight months ended 31 August 2021**
	HK$'000	*HK$'000*	*HK$'000*
		(Unaudited)	
Loss before taxation	—	—	(2,244)
Income tax at applicable tax rate of 16.5%	—	—	(370)
Non-deductible expenses	—	—	512
Others	—	—	(142)
Income tax expense for the period	—	—	—

10. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

11. DIVIDENDS

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

12. INVESTMENT PROPERTIES

	HK$'000
Cost	
At 7 January 2020 (date of incorporation), 31 December 2020 and 1 January 2021	—
Additions	228,475
At 31 August 2021	228,475
Accumulated depreciation	
At 7 January 2020 (date of incorporation), 31 December 2020 and 1 January 2021	—
Provided for the period	2,040
At 31 August 2021	2,040
Carrying values	
At 31 August 2021	226,435
At 31 December 2020	—
At 7 January 2020	—

Leasing arrangement — as lessee

As at 31 August 2021, the investment properties with carrying value of approximately HK$226,435,000 are held under head leases with the remaining lease term of 26 years.

The property interest in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of approximately HK$226,435,000 as at 31 August 2021 is held by the Target Company as the registered owner. This property interest was acquired from the previous registered owner by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The fair value of the investment properties as at 31 August 2021 was approximately HK$233,000,000, which was valued by the sole director of the Target Company by market comparable approach with reference to recent market prices for similar properties at similar locations.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is the current use. The investment properties are classified as Level 3 under fair value hierarchy at 31 August 2021 *(31 December 2020: n/a)*. Except for the acquisition of the investment properties, there were no transfers into or out of Level 3 during the Relevant Periods. One of the key unobservable inputs used in valuing the investment properties is the unit sale rate, taking into account age, location and other individual factors such as size and levels of the investment properties.

No investment properties were pledged as at 31 August 2021 *(31 December 2020: n/a)*.

Leasing arrangement — as lessor

All of the Target Company's investment property interests held under leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

In July 2021, the Target Company entered into a lease contract with a subsidiary of the Company, for which part of the investment properties are leased out for a term of 1 year with a contract total sum of HK$1,134,000 and commencing from 1 September 2021 with an option to terminate the lease with 3 months' notice. The lease does not contain any renewal option. The undiscounted lease payments to be received from the leasing of investment properties within 1 year amounted to HK$nil and HK$1,134,000 as at 31 December 2020 and 31 August 2021 respectively.

The transaction was exempted from continuing connected transaction according to the Chapter 14A of the Listing Rules.

The investment properties are subject to residual value risk. The lease contracts, as a result, include a provision on residual value guarantee based on which the Target Company has the right to charge the tenant for any damage to the investment properties at the end of the lease.

13. PREPAYMENTS AND DEPOSITS

	At 31 December 2020	**At 31 August 2021**
	HK$'000	*HK$'000*
Prepayments	—	94
Utility and other deposits	—	118
Deposits paid for acquisition of property, plant and equipment	—	820
	—	1,032
Analysed as:		
Non-current	—	820
Current	—	212
	—	1,032

14. BANK BALANCES

Cash at banks earn interest at floating rates based on daily bank deposit rates.

15. DUE TO THE ULTIMATE CONTROLLING PARTY

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Period from 7 January 2020 (date of incorporation) to 31 December 2020		Eight months ended 31 August 2021	
	No. of share	*HK$'000*	*No. of share*	*HK$'000*
Issued and fully paid:				
At the beginning of the reporting period	—	—	1	—*
Issue of share capital	1	—*	—	—
At the end of the reporting period	1	—*	1	—*

* *Represent amounts less than HK$1,000*

The Target Company was incorporated in the British Virgin Islands with limited liability on 7 January 2020. On 28 April 2020, 1 ordinary share of USD1 each was issued as initial subscription capital of the Target Company.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements during the Relevant Periods in the Target Company's liabilities arising from financing activities are as follows:

Period from 7 January 2020 (date of incorporation) to 31 December 2020

	At 7 January 2020 (date of incorporation)	Net cash flows	Issue of share capital	Deposits paid for acquisition of property, plant and equipment	At 31 December 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to the Ultimate Controlling Party	—	100	—*	—	100

Period from 7 January 2020 (date of incorporation) to 31 August 2020 (unaudited)

	At 7 January 2020 (date of incorporation)	Net cash flows	Issue of share capital	Deposits paid for acquisition of property, plant and equipment	At 31 August 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to the Ultimate Controlling Party	—	100	—*	—	100

Eight months ended 31 August 2021

	At 1 January 2021	Net cash flows	Issue of share capital	Deposits paid for acquisition of property, plant and equipment	At 31 August 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to the Ultimate Controlling Party	100	231,000	—	820	231,920

* *Represent amounts less than HK$1,000*

18. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the Historical Financial Information, there are no significant related party transactions during the Relevant Periods.

(b) Remuneration for key management personnel of the Target Company

No remuneration has been paid or payable to key management of the Target Company, being the sole director of the Target Company during the Relevant Periods as set out in note 7.

19. CAPITAL COMMITMENT

	At 31 December 2020	At 31 August 2021
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	—	260

20. CAPITAL RISK MANAGEMENT

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

The Target Company is financed by obtain financing from the Ultimate Controlling Party to meet its funding needs. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The Target Company's overall strategy remains unchanged during the Relevant Periods.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's major financial instruments include deposits, bank balances and amount due to the Ultimate Controlling Party. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged during the Relevant Periods.

Credit risk

The carrying amount of financial assets recognised on the statements of financial position, which is net of impairment losses, represents the Target Company's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Target Company's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The Target Company reviews the recoverable amount of each individual financial assets at each end of the Relevant Periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the sole director of the Target Company considers that the Target Company's credit risk is significantly reduced.

Deposits

The Target Company considers that deposits have low credit risk based on the customers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on these financial assets are measured on ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Target Company has taken into account the historical actual credit loss experience and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Target Company considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties. There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

Bank balances

The credit risk on bank balances is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies with good reputation. No loss allowance was recognised during the Relevant Periods.

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents and ensures the availability of funding from the Ultimate Controlling Party deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

As at 31 August 2021, the Target Company has net current liabilities and net liabilities of approximately HK$229,499,000 and HK$2,244,000 respectively. As mentioned in note 2 to the Historical Financial Information, the Ultimate Controlling Party has confirmed his intention to make available adequate funds to the Target Company. As a result, the Target Company's exposure to liquidity risk is insignificant.

All the financial liabilities are non-interest bearing and repayable on demand. The carrying amounts of the financial liabilities of the Target Company represent the undiscounted cash flows the Target Company is required to pay on demand.

22. FAIR VALUE MEASUREMENT

In the opinion of the sole director of the Target Company, the carrying value of the financial assets and financial liabilities approximates their fair values due to short-term maturity of these balances.

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 August 2021, save as disclosed elsewhere in the Historical Financial Information, the Target Company has no significant subsequent events.

24. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in accordance with HKFRSs and/ or other applicable financial reporting standards in respect of any period subsequent to 31 August 2021.

PARTICULARS OF INVESTMENT PROPERTIES

Particulars of investment properties held by the Target Company as at 31 August 2021 are as follows:

Location	Approximate saleable floor area	Lease expiry	Type	Effective % held
No. 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong	32,397 ft^2	30 June 2047	Industrial	100%

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's independent reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong.

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

MAZARS CPA LIMITED
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24 December 2021

The Board of Directors
Litu Holdings Limited
3/F, 38 On Lok Mun Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Litu Holdings Limited *(formerly known as Brilliant Circle Holdings International Limited)* (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2021 and related notes as set out in Appendix III to the circular in connection with the proposed acquisition of the entire issued share capital of EAGLE SWIFT LIMITED (the "**Target Company**") (the "**Proposed Acquisition**") dated 24 December 2021 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's consolidated financial position as at 30 June 2021 as if the Proposed Acquisition had taken place on 30 June 2021. As part of this process, information about the Group's unaudited condensed consolidated financial position as at 30 June 2021 has been extracted by the Directors from the Group's interim report for the six months ended 30 June 2021 which report on the review of condensed consolidated financial statements has been published. Information about the financial position of the Target Company as at 31 August 2021 has been extracted by the Directors from Appendix II to the Circular.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

REPORTING ACCOUNTANT'S 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.

The firm applies Hong Kong Standard on Quality Control 1 (Clarified) "*Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose 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 the unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on the 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 events or transactions at 30 June 2021 would have been as presented.

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

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

OPINION

In our opinion:

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

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants
Hong Kong

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. INTRODUCTION

The following is a summary of illustrative unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2021 in connection with the proposed acquisition of the entire issued share capital of EAGLE SWIFT LIMITED (the "**Target Company**") (the "**Proposed Acquisition**"). The unaudited pro forma financial information presented below is prepared to illustrate the financial position of Litu Holdings Limited *(formerly known as Brilliant Circle Holdings International Limited)* (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") immediately after completion of the Proposed Acquisition (the "**Enlarged Group**") at 30 June 2021 as if the Proposed Acquisition had been completed on 30 June 2021.

The unaudited pro forma financial information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 as extracted from the interim report of the Group for the six months ended 30 June 2021 and the audited statement of financial position of the Target Company as at 31 August 2021 as extracted from Appendix II to the Circular.

The unaudited pro forma financial information is presented after making pro forma adjustments that are directly attributable to the Proposed Acquisition and not relating to future events or decisions, factually supportable and clearly identified as to those adjustments which are expected to have/have no continuing effect on the Enlarged Group.

The unaudited pro forma financial information has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules, for the purposes of illustrating the effect of the Proposed Acquisition is based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position, financial performance and cash flows of the Group had the Proposed Acquisition been completed as of 30 June 2021, where applicable, or any future date.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the interim report of the Group for the six months ended 30 June 2021 and other financial information included elsewhere in the Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on a number of assumptions, estimates and uncertainties, 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 of the Enlarged Group as at the date to which it is made up or at any future date. Further, the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group.

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

	The Group as at 30 June 2021 HK$'000 (Unaudited) (Note 1)	The Target Company as at 31 August 2021 HK$'000 (Audited) (Note 2)	Pro forma adjustments HK$'000 (Unaudited)	Note	The Enlarged Group as at 30 June 2021 HK$'000 (Unaudited)
Non-current assets					
Property, plant and equipment	895,084	—	149,459	*4*	1,044,543
Right-of-use assets	103,099	—			103,099
Investment properties	50,967	226,435	(146,135)	*4*	131,267
Goodwill	847,512	—			847,512
Intangible assets	52,289	—			52,289
Interests in associates	415,628	—			415,628
Interest in a joint venture	8,749	—			8,749
Deferred tax assets	607	—			607
Rental and other deposits paid	2,705	—			2,705
Deposits paid for acquisition of property, plant and equipment	—	820			820
	2,376,640	227,255			2,607,219
Current assets					
Inventories	122,576	—			122,576
Trade receivables	329,604	—			329,604
Contract assets	127,434	—			127,434
Other receivables, prepayments and refundable deposits	79,153	212			79,365
Tax recoverable	2,932	—			2,932
Pledged bank deposits	1,825	—			1,825
Bank balances and cash	405,528	2,209	(139,800)	*3*	266,568
			(1,369)	*5*	
	1,069,052	2,421			930,304

	The Group as at 30 June 2021	The Target Company as at 31 August 2021	Pro forma adjustments		The Enlarged Group as at 30 June 2021
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Unaudited)	(Audited)	(Unaudited)		(Unaudited)
	(Note 1)	*(Note 2)*			
Current liabilities					
Trade payables	164,084	—			164,084
Other payables and accruals	91,925	—			91,925
Lease liabilities	320	—			320
Amounts due to non-controlling interests of subsidiaries	2,507	—			2,507
Amounts due to ultimate controlling party	—	231,920	(231,920)	*4*	—
Bank borrowings	294,735	—	31,067	*3*	325,802
Dividend payable	156,789	—			156,789
Income tax payable	15,653	—			15,653
	726,013	231,920			757,080
Non-current liabilities					
Government grants	26,453	—			26,453
Lease liabilities	154	—			154
Bank borrowings	—	—	62,133	*3*	62,133
Deferred tax liabilities	43,100	—			43,100
	69,707	—			131,840
Net assets (liabilities)	2,649,972	(2,244)			2,648,603

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The balances have been extracted, without adjustments, from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 as set out in the interim report of the Group for the six months ended 30 June 2021.

2. The balances are extracted from the audited statement of financial position of the Target Company at 31 August 2021 as extracted from the accountants' report on the Target Company as set out in Appendix II to the Circular without adjustment.

3. The adjustment represents the consideration paid by the Group with respect to the Proposed Acquisition. Pursuant to the Sale and Purchase Agreement (as defined in this Circular), the consideration will be satisfied by cash upon completion of the Proposed Acquisition. The Directors expect that the cash consideration will be funded by the Group's internal resources of HK$139,800,000 and additional bank borrowings of HK$93,200,000, in which the principal of bank borrowings will be repaid by 6 semi-annual equal instalments on semi-annual basis commencing 6 months from the drawdown date.

4. The Proposed Acquisition is accounted for as an acquisition of assets and liabilities. The Group shall identify and recognise the individual identifiable assets acquired and liabilities assumed. According to the Sale and Purchase Agreement, the Sale Loan (as defined in this Circular) representing the amount due to ultimate controlling party of approximately HK$231,920,000 in the books and records of the Target Company will be assigned to the Company and therefore is not considered as liabilities assumed in the statement of assets and liabilities of the Enlarged Group as if the Proposed Acquisition had taken place on 30 June 2021. The consideration of the Proposed Acquisition shall be allocated to the individual identifiable assets of the Target Company on the basis of their relative fair values at the completion date of the Proposed Acquisition, as follows:

		Fair value adjustment	
	HK$'000	*HK$'000*	*HK$'000*
Investment properties *(Note (i))*	226,435	3,324	229,759
Deposit paid for acquisition of property, plant and equipment *(Note (ii))*	820		820
Prepayment and deposits *(Note (ii))*	212		212
Bank balances *(Note (ii))*	2,209		2,209
	229,676		233,000

Notes:

(i) The market value of the investment properties of the Target Company (the "**Properties**") as at 30 June 2021 of HK$229,759,000 are estimated by the Directors with reference to a valuation report on the Properties with valuation date on 15 October 2021 carried out by an independent professional qualified valuer of the Company with a fair value gain of HK$3,324,000. The Group intended to lease out first and fifth floor of the Properties and the remaining portion of the Properties shall be for the Group's own uses. Thus, the Properties are recognised as "Investment properties" and "Property, plant and equipment" at the fair value of HK$80,300,000 and HK$149,459,000 respectively based on their respective gross floor areas.

(ii) The carrying amount of all assets other than the Properties approximates to their fair value at the completion date of the Proposed Acquisition.

5. The adjustment represents the estimated transaction costs of approximately HK$1,369,000, including but not limited to legal and professional fees directly attributable to the Proposed Acquisition, which would be recognised in profit or loss. The adjustment has no continuing effect on the consolidated financial position of the Enlarged Group in subsequent periods.

6. Save as set out above, the unaudited pro forma consolidated statement of assets and liabilities does not take into account any trading results or other transactions of the Group and the Target Company subsequent to 30 June 2021 and 31 August 2021, respectively, as included in the unaudited pro forma consolidated statement of assets and liabilities.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent valuer, in connection with its valuation as at 15 October 2021 of the property interests.

JLL®
仲量聯行

Jones Lang LaSalle Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

24 December 2021

The Board of Directors
Litu Holdings Limited
(formerly known as Brilliant Circle Holdings International Limited)
3/F, 38 On Lok Mun Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Eagle Swift Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as (the "**Group**"), we confirm that we have carried out inspections, made relevant enquiries and searches 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 15 October 2021 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "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".

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

Our valuation has been taking into account of the factor in relation to the recent market transactions and highly rely on the materials and information by your company, including the tenancy agreement dated on 8 July 2021. Besides, we have made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense 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 property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2020 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including purchase agreement and floor plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 4 October 2021 by Mr. Marvin Wu, Senior Manager of the company. Mr. Marvin Wu is a member of the Hong Kong Institute of Surveyors (MHKIS) and the Royal Institution of Chartered Surveyors (MRICS) and has over 5 years' experience in the valuation of properties in Hong Kong.

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

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HKD).

Our valuation is attached below and the valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Limited
Cliff W. H. Tse
FRICS MHKIS RPS (GP)
Senior Director

Note: Cliff W.H. Tse is a Chartered Surveyor who has over 28 years' experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 15 October 2021 *HKD*
1.	The en-bloc industrial building erected on Fanling Sheung Shui Town Lot No.136 or known as Yau Shing Hong Logistic Centre, No.38 On Lok Mun Street Whole shares of and in Fanling Sheng Shui Town Lot No. 136 The Government rent for the Subject Lot is 3% of the rateable value of the lot	The property comprises a 6-storey industrial building completed in 2002. As per the occupation permit No. NT15/2002 issued on 11 March 2002; ground floor is permitted to be used as a workshop, 3 lorry parking spaces and 2 private parking spaces together with the loading and unloading areas, lavatories, turn-table, transformer room and switch room. For the upper floors, there is a workshop with lavatories on each floor. The total saleable area (SA) of the workshops is approximately 32,397 ft^2 (3,009.75 m^2) with a range from 1,923 ft^2 (178.65 m^2) to 6,110 ft^2 (567.63 m^2). Breakdowns are listed as follow: *Floor* / *Unit* / *SA in ft^2* / *SA in m^2* G / Whole / 1,923 / 178.65 1 / Whole / 6,079 / 564.75 2 / Whole / 6,110 / 567.63 3 / Whole / 6,095 / 566.24 4 / Whole / 6,095 / 566.24 5 / Whole / 6,095 / 566.24 *Floor* / *Unit* / *IFA in ft^2* / *IFA in m^2* R / Whole / 4,167 / 387.12 Fanling Sheng Shui Town Lot No. 136 is held under New Grant No. 13156 from 01/03/1997 and due to expire on 30/06/2047.	Pursuant to a tenancy agreement dated 8 July 2021 and as informed by your company, part of the property on 3/F and part of the property on 4/F is leased for a year from 1 September 2021 to 31 August 2022 at a rent of HK$94,500 per month. Meanwhile, the other remaining portions of the property were in vacant status as at the date of valuation.	HK$233,000,000 (HONG KONG DOLLARS TWO HUNDRED AND THIRTY THREE MILLION)

Notes:

1. The registered owner of the property is Eagle Swift Limited vide Memorial No. 21061702200049 dated 8 June 2021 with a consideration of HK$217,000,000.

2. Pursuant to our land search record, the property is subject to, inter alia, the following encumbrances:

   i) Occupation Permit (Permit No. NT15/2002(OP) dated on 11 March 2002 vide Memorial No. N530008.

3. The location of the property is zoned for ''Industrial'' use under Fanling / Sheung Shui Outline Zoning Plan (plan no. S/FSS/24) dated 17 January 2020.

4. Our valuation has been made on the following basis and analysis:

   The property is located in an industrial area in Fanling district, developments in the locality are mainly industrial buildings and warehouses. Fanling MTR station is located with about 20 minutes' walk from the property. In our valuation, we have identified and analyzed various relevant sales evidences of industrial units next to the locality which have similar characteristics as the subject property such as use, size and accessibility.

   The selected comparables for valuation of industrial units on upper floors are located in similar locality which were transacted between March 2021 and September 2021. The unit rate of these comparable ranges about HKD6,421 to HKD7,350 per sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size, building age, time, floor level and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of HKD6,595 per sq.ft.

   The selected comparables for valuation of industrial units on ground floor are located in similar locality which were transacted between March 2020 and September 2021. The unit rate of these comparable ranges about HKD8,143 to HKD10,653 per sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time, building age and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of HKD10,246 per sq.ft.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/nature of interest	Number of Shares/ underlying shares held	Approximate percentage of shareholdings
Mr. Qin Song	Beneficial owner	15,321,062 (L)	1.0%
Mr. Huang Wanru	Beneficial owner	1,735,204 (L)	0.11%
Ms. Li Li	Interest of controlled corporation	250,551,964 (L)	16.0%
Mr. Jiang Xiang Yu	Beneficial owner	2,000,000 (L)	0.13%

The Letter "L" denotes the long position in the Shares

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders and other persons

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors and the chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares of the Company (i) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares/ underlying shares held	Approximate percentage of shareholdings
Vendor	Interest of controlled corporation	901,456,892 (L)	57.5%
Profitcharm	Beneficial owner	274,325,278 (L)	17.5%
Sinorise	Beneficial owner	627,131,614 (L)	40.0%
Masterwork Group Co., Ltd.	Interest of controlled corporation	250,551,964 (L)	16.0%
Masterwork Machinery (H.K.) Limited	Beneficial owner	250,551,964 (L)	16.0%
Tianjin Dehou Investment Management Partnership (Limited Partnership)	Interest of controlled corporation	103,555,231 (L)	6.6%

The Letter "L" denotes the long position in the Shares

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person had, or were deemed to have, an interest or short position in the Shares or underlying Shares of the Company (i) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or was a substantial shareholder of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not terminable by the relevant member of the Enlarged Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

(a) Directors' interests in contracts

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

(b) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Competing business

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

5. MATERIAL CONTRACT

Save for the Sale and Purchase Agreement, no other contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Enlarged Group within the two years immediately preceding the issue of this circular and are or may be material.

6. LITIGATION

As disclosed in the previous announcements and reports of the Company, the Group was involved in an arbitration proceeding with an ex-staff (the "**Claimant**"). The Shenzhen Court of International Arbitration issued its verdict and ruled that: (i) the Group and another respondent are jointly liable to compensate HK$20 million and certain legal costs (i.e. not more than HK$1 million) to the Claimant; (ii) the Claimant is liable to compensate certain legal costs (i.e. about HK$1.3 million) to the Group; and (iii) the arbitration expenses are to be shared between the Claimant (as to RMB1.5 million) and the two respondents (as to RMB170,000). The Group has applied to Shenzhen Intermediate People's Court for setting off the legal costs, arbitration expenses and the related interest between the parties. As at the Latest Practicable Date, the Claimant has frozen the bank account of the other respondent in the sum of RMB18.5 million for enforcement purpose. According to the legal advice obtained by the Company, if the RMB18.5 million secured by the Claimant is insufficient to cover the total arbitral award payable to the claimant, then the Group and the other respondent will be jointly liable for the shortfall to the Claimant. The Company will negotiate with the other respondent to reach an agreement as to whether the Group is required to share and reimburse the other respondent for the arbitral award and if so, what is the amount is to be shared.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, save for the above, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group that would have a material adverse effect on the results of operations or financial conditions of the Enlarged Group.

7. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

Name	Qualification
Astrum Capital Management Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Jones Lang LaSalle Limited	Independent valuer
Mazars CPA Limited	Certified public accounts

As at the Latest Practicable Date, each of the above experts:

(i) had no direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(ii) had no interests, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any of member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any of member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report or opinion (as the case may be) and reference to its name in the form and context in which they respectively appear.

8. GENERAL

(i) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(ii) The head office and principal place of business of the Company is at 3/F, 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong.

(iii) The company secretary of the Company is Mr. Ng Wing Ching. Mr. Ng Wing Ching is a member of the Hong Kong Institute of Certified Public Accountants.

(iv) The authorised representatives of the Company are Mr. Huang Wanru and Mr. Ng Wing Ching.

(v) The Company's Principal Share Registrar and Transfer Office is Suntera (Cayman) Limited, Royal Bank House 3rd Floor, 24 Shedden Road P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands. The Company's Hong Kong Branch Share Registrar and Transfer Office is Tricor Investor Services Limited, Level 54, Hopewell Centre 183 Queen's Road East Hong Kong.

(vi) This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

9. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.bcghk.cn or www.lituholdings.com with effect from 7 January 2022); and (ii) the website of the Stock Exchange (www.hkex.com) during the period of 14 days from the date of this circular:

(i) Sale and Purchase Agreement;

(ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in "Letter from the Independent Board Committee" in this circular;

(iii) the letter from Astrum to the Independent Board Committee and the Independent Shareholders, the text of which is set out in "Letter from Astrum" in this circular;

(iv) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(v) the report on the unaudited pro forma financial information of the Enlarged Group issued by Mazars CPA Limited, the text of which is set out in Appendix III to this circular; and

(vi) the valuation report of the Property issued by Jones Lang LaSalle Limited, the text of which is set out in Appendix IV to this circular.

LITU HOLDINGS LIMITED
力圖控股有限公司

(formerly known as Brilliant Circle Holdings International Limited 貴聯控股國際有限公司)
(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1008)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Litu Holdings Limited (the "**Company**") will be held at 3/F, 38 On Lok Mun Street, On Lok Tsuen, Fanling, New Territories, Hong Kong on Wednesday, 12 January 2022 at 11:00 a.m., for the purpose of considering and if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement (a copy of which is marked "A" and initialled by the chairman of the EGM for the purpose of identification) dated 21 October 2021 (as supplemented on 15 December 2021) and entered into between Mr. Cai Xiao Ming, David as vendor and the Company as purchaser in relation to the sale and purchase of the entire issued share capital of and the shareholder's loan due by Eagle Swift Limited at a consideration of HK$233,000,000, and the transaction contemplated thereby, be and are hereby approved, confirmed and ratified; and

(b) any one or more directors of the Company, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the above resolution and all of the transactions contemplated thereunder."

By order of the Board
Litu Holdings Limited
Mr. Chen Xiao Liang
Chairman

Hong Kong, 24 December 2021

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
3/F, 38 On Lok Mun Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. For ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 7 January 2022 to Wednesday, 12 January 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 January 2022.

As at the date of this notice, the Board comprises four executive directors, namely, Mr. Chen Xiao Liang (Chairman), Mr. Qin Song (Vice Chairman and the Chief Executive Officer), Mr. Huang Wanru and Mr. Jiang Xiang Yu, one non-executive director, namely, Ms. Li Li, and three independent non-executive directors, namely, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon.