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金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
THE ACQUISITION OF
70% OF THE ISSUED SHARE CAPITAL OF
AND SHAREHOLDERS' LOANS OWING BY
EVER PRAISE ENTERPRISES LIMITED**

THE ACQUISITION

On 26 February 2019 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) as purchaser, the Vendors as vendors, and the Vendors' Guarantors as guarantors of the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares and Sale Loans, at an aggregate consideration of HK\$455,000,000.

The principal asset of the Target Company is the Hotel Property and the preliminary valuation of which amounts to HK\$650,000,000 as at 31 December 2018. The Hotel Property is located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong and the Hotel Portion is currently leased to HB Hotels (an indirect wholly-owned subsidiary of the Company) for (i) a term of four years commencing from 1 May 2015 (with an option to renew for a further term of three years commencing from 1 May 2019) at the rent of HK\$495,000 per calendar month with a rent-free period for a term commencing on 1 May 2015 and expiring on 30 April 2016 in respect of the Hotel Portion (except the fourth floor of the Hotel Property) and such lease has been renewed for a further term of three years commencing from 1 May 2019 at the rent of HK\$544,500 per calendar month; and (ii) for a term of three years commencing from 1 July 2018 at a monthly rent of HK\$10,000 with a rent-free period from 1 July 2018 to 31 July 2018 in respect of the fourth floor of the Hotel Property.

As at the date of this announcement, the Target Company is held as to 70% in aggregate by the Vendors and 30% by the Purchaser. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) financial and other information of the Target Company; (iii) financial and other information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Hotel Property; (vi) other information as required under the Listing Rules; and (vii) a notice convening the EGM will be despatched to the Shareholders on or before 22 March 2019, which is more than 15 Business Days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

INTRODUCTION

On 26 February 2019 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) as purchaser, the Vendors as vendors, and the Vendors' Guarantors as guarantors to the Vendors, entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares and Sale Loans, at an aggregate consideration of HK\$455,000,000.

Principal terms of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date: 26 February 2019

- Parties:
- (i) the Purchaser, a direct wholly-owned subsidiary of the Company (as purchaser);
 - (ii) Take Billion and Million Wealth (as vendors); and
 - (iii) Ms. Cheung and Mr. Wang (as guarantors of the Vendors)

Take Billion is owned as to 100% by Ms. Cheung. Million Wealth is owned as to 100% by Mr. Wang. The Vendors' Guarantors agree to, jointly and severally, guarantee and procure the due and punctual performance of all the obligations of the Vendors under the Acquisition Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than their interest in the Target Company, Take Billion, Ms. Cheung, Million Wealth and Mr. Wang are third parties independent of the Company and its connected persons.

Assets to be acquired

The assets to be acquired under the Acquisition Agreement comprise (i) the Sale Shares; and (ii) the Sale Loans.

The Sale Shares represent 70% of the issued share capital of the Target Company as at the date of the Acquisition Agreement and Completion.

The shareholders' loans owing by the Target Company to its shareholders are contributed by its shareholders in proportion to their respective shareholdings in the Target Company (i.e. 50% by Million Wealth, 20% by Take Billion and 30% by the Purchaser). Therefore, the Sale Loans to be acquired by the Purchaser represent 70% of all the outstanding indebtedness owing by the Target Company to its shareholders as at Completion. As at the date of this announcement, the outstanding indebtedness owing by the Target Company to Million Wealth and Take Billion were approximately HK\$186,957,000 and HK\$74,783,000, respectively, amounting to a total of HK\$261,740,000.

The principal asset of the Target Company is the Hotel Property, details of which are set out in the paragraph headed "Information on the Target Company" below.

Consideration and payment terms

The Consideration shall be the cash sum of HK\$455,000,000 in aggregate, which shall comprise the purchase price for the Sale Loans (which shall be the dollar-to-dollar equivalent of the amount of the Sale Loans) and the purchase price for the Sale Shares (which shall be the aggregate Consideration less the purchase price for the Sale Loans). The Consideration shall be apportioned as follows:

- (i) HK\$130,000,000 shall be payable to Take Billion in respect of the sale and purchase of the Take Billion Sale Shares and the Take Billion Sale Loan; and
- (ii) HK\$325,000,000 shall be payable to Million Wealth in respect of the sale and purchase of the Million Wealth Sale Shares and the Million Wealth Sale Loan.

Subject to the terms of the Acquisition Agreement, the Consideration shall be payable by the Purchaser to the Vendors in the following manner:

- (i) the Deposit in the sum of HK\$45,500,000 as deposit and part payment of the Consideration, of which HK\$13,000,000 (“**Take Billion Deposit**”) shall be payable to Take Billion and HK\$32,500,000 (“**Million Wealth Deposit**”) shall be payable to Million Wealth, upon the signing of the Acquisition Agreement; and
- (ii) the sum of HK\$409,500,000, being the balance of the Consideration, of which HK\$117,000,000 shall be payable to Take Billion and HK\$292,500,000 shall be payable to Million Wealth, upon Completion.

The Consideration was determined after arm’s length negotiation between the Vendors and the Purchaser with reference to the preliminary valuation of the Hotel Property of HK\$650,000,000 as at 31 December 2018 as prepared by an independent property valuer. The Consideration will be financed by the internal resources of the Group.

Conditions precedent

Completion of the Acquisition Agreement is conditional upon fulfilment or waiver (as the case may be) of the following Conditions:

- (i) there being no matter which will have a material adverse change in the condition (financial or otherwise), operations, assets, liabilities or prospects of the Target Company before the Completion;
- (ii) there being no compulsory acquisition or notice, demand, direction or order of intended resumption and acquisition by the government or any other competent authority affecting the Hotel Property or any part thereof or otherwise materially and adversely affecting the Hotel Property or any part thereof;
- (iii) Take Billion’s title to the Take Billion Sale Shares and the Take Billion Sale Loan being in order and free from all encumbrances;
- (iv) Million Wealth’s title to the Million Wealth Sale Shares and the Million Wealth Sale Loan being in order and free from all encumbrances;
- (v) all the Warranties remaining true and accurate and not misleading as at Completion and no events having occurred that would result in any breach of any of the Warranties or provisions of the Acquisition Agreement by the Vendors and/or the Vendors’ Guarantors;

- (vi) the Vendors having proved, to the Purchaser's satisfaction, that the Target Company has good title to the Hotel Property and the Target Company having and being able to show, prove and give good title to the Hotel Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong), free from all encumbrances;
- (vii) the Vendors having facilitated the Purchaser to undertake a legal, financial and business due diligence investigation in respect of the Target Company and the Hotel Property and the results of such due diligence investigation being reasonably satisfactory to the Purchaser;
- (viii) all loans and indebtedness (if any) owing by the Target Company to any person and the interests thereon (except the Sale Loans) having been fully and duly repaid before Completion and any other encumbrances (if any) created on or over the Sale Shares, the Hotel Property and any assets of the Target Company in respect of the loans and indebtedness having been duly released and discharged before Completion;
- (ix) no part of the Hotel Property being destroyed or destructed or seriously damaged so as to render the whole or a substantial part of the Hotel Property being unfit for use or occupation;
- (x) there being no notice, order, demand or direction from any Government or other competent authority requiring the Target Company to demolish, repair, reinstate, renovate, improve, alter, maintain or refurbish the Hotel Property or any part thereof;
- (xi) all necessary consents in relation to the transactions contemplated under the Acquisition Agreement, including without limitation such consents (if required) of the Stock Exchange and the SFC and any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required for the entering into, execution, delivery and performance of the Acquisition Agreement and the transactions contemplated thereunder, having been obtained; and
- (xii) the fulfilment by the Company of all the requirements as stipulated in the Listing Rules and laws of Hong Kong, including but not limited to approval by the Shareholders in respect of the transactions contemplated under the Acquisition Agreement at a general meeting of the Company.

The Purchaser may in its absolute discretion at any time waive in writing any of the Conditions (other than Conditions (xi) and (xii)) or any part thereof on such terms as it may decide. Save as so waived, the Vendors shall use their respective best endeavours to ensure that the Conditions above shall be fulfilled as soon as possible after the execution of the Acquisition Agreement, and in any event by the Long Stop Date.

If the Conditions are not fulfilled (or waived by the Purchaser) on or before the Long Stop Date (other than Condition (v) which shall be fulfilled as at Completion), then subject to the paragraph below regarding Completion not taking place as a result of default by any of the Vendors, in the event that any of the Conditions is not fulfilled notwithstanding that the Vendors have used their respective best endeavours to procure the satisfaction of the Conditions (or waived by the Purchaser in writing) on or before the Long Stop Date, Take Billion and Million Wealth shall forthwith on the Long Stop Date repay the full amount of the Take Billion Deposit and the Million Wealth Deposit, respectively, paid to the Vendors under the Acquisition Agreement without any interest to the Purchaser, following which the Acquisition Agreement shall terminate without further liability on any Party.

If Completion does not take place as a result of default by any of the Vendors (including but not limited to the breach of any Warranties or undertakings by any of the Vendors under the Acquisition Agreement) or if any termination event as stipulated in the Acquisition Agreement occurs, the Acquisition Agreement shall be terminated, whereupon (i) Take Billion and Million Wealth shall forthwith repay the full amount of the Take Billion Deposit and the Million Wealth Deposit, respectively, paid by the Purchaser to the Vendors under the Acquisition Agreement without any interest to the Purchaser; and (ii) the Purchaser shall be entitled to recover from the Vendors such other damages and/or specific performance and/or injunction in addition to the return of the Take Billion Deposit and the Million Wealth Deposit as the Purchaser may sustain by reason of such default on the part of the Vendors.

If Completion does not take place as a result of default by the Purchaser, the Acquisition Agreement shall be terminated whereupon Take Billion and Million Wealth shall be entitled to forfeit forthwith the full amount of the Take Billion Deposit and the Million Wealth Deposit, respectively, following which there shall be no further liability on any Party.

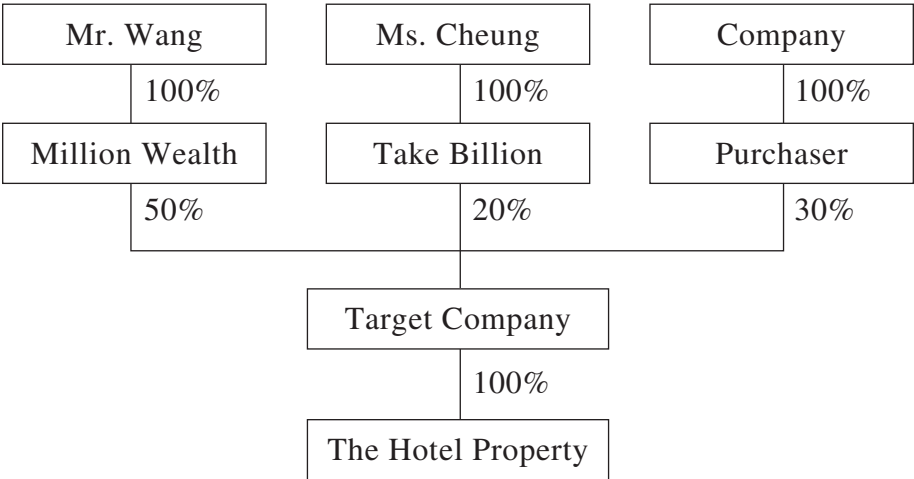
Completion

Completion shall take place on the 5th Business Day immediately following the day on which all the Conditions have been satisfied and/or waived (save for the Condition (v) which shall be fulfilled as at Completion), or such other date as may be agreed by the Vendors and the Purchaser in writing.

Upon Completion, the shareholders' agreement dated 26 June 2017 and entered into among the Purchaser, the Vendors and the Target Company in respect of the Target Company will be terminated.

INFORMATION ON THE TARGET COMPANY

Set out below is the shareholding structure of the Target Company as at the date of this announcement:



The Target Company is a company incorporated in the BVI with limited liability. Its principal asset is the Hotel Property while its principal liabilities are the loans owed by it to its shareholders, which are unsecured, interest-free and have no fixed repayment terms.

Set out below are certain key information of the Hotel Property:

- Name: Harbour Bay Hotel
- Location: Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong
- Mortgage on the Hotel Property: Nil
- Total gross floor area: 30,589.78 square feet
- Number of rooms in the Hotel: 76
- Average occupancy rate of the Hotel in 2018: approximately 96.07%

Current lease:

The Hotel Portion is leased to HB Hotels (an indirect wholly-owned subsidiary of the Company) (i) for a term of four years commencing from 1 May 2015 (with an option to renew for a further term of three years commencing from 1 May 2019) at the rent of HK\$495,000 per calendar month with a rent-free period for a term commencing on 1 May 2015 and expiring on 30 April 2016 in respect of the Hotel Portion (except the fourth floor of the Hotel Property) and such lease has been renewed for a further term of three years commencing from 1 May 2019 at the rent of HK\$544,500 per calendar month; and (ii) for a term of three years commencing from 1 July 2018 at a monthly rent of HK\$10,000 with a rent-free period from 1 July 2018 to 31 July 2018 in respect of the fourth floor of the Hotel Property.

Shop No. 1 on the ground floor of the Hotel Property is currently leased to a third party for a term of two years commencing from 2 July 2018 at a monthly rent of HK\$145,000 with a rent-free period from 2 July 2018 to 15 July 2018, for restaurant purpose.

Shop Nos. 2 and 3 on the ground floor of the Hotel Property is currently leased to a third party for a term of two years commencing from 10 January 2019 at a monthly rent of HK\$18,000 (with an option to renew for a further term of one year at the then prevailing market rent but any increase in rent shall not exceed 25% of HK\$18,000) with a rent-free period of 14 days from 10 March 2019 to 23 March 2019, for florist purpose.

After the Completion of the Acquisition, the current lease of the Hotel Property will continue and HB Hotels will continue to be the lessee of the Hotel Portion.

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 March 2017 and 2018 as prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2017	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit before taxation and extraordinary items	95,528	25,402
Profit after taxation and extraordinary items	95,372	25,269

The unaudited net asset value of the Target Company as 30 June 2018 was approximately HK\$295,571,000.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the annual report of the Company for the year ended 30 June 2018, while the Group continues to closely monitor the performance of the gaming business in Macau, the Group has been implementing a diversifying strategy in respect of its investments. The Board has been taking an optimistic view in the prospect of the Hong Kong hotel industry. The Group commenced the hotel business in 2017 and positive results have been achieved in this newly established segment during the year ended 30 June 2018 and the six months ended 31 December 2018.

The Directors consider that the Acquisition provides the Group with a valuable opportunity to reinforce its existing hotel business. As at the date of this announcement, the Hotel Property is held by the Target Company, which is held as to 30% by the Group. The Hotel is leased to HB Hotels, a wholly-owned subsidiary of the Company. HB Hotels is responsible for the management and operation of the Hotel. Upon Completion, the Hotel Property held by the Target Company will be wholly-owned by the Group. The Acquisition therefore enables the ownership, management and operation of the Hotel Property to be vested with the Group. This ensures greater flexibility in formulating of business plans and strategies for the future business development of the Hotel Property by the Group, which in turn contributes to the sustainable growth of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in (i) introducing customers to respective casino's VIP rooms in Macau and receiving the profit streams from junket businesses at respective casino's VIP rooms in Macau through independent junket operators in Macau; (ii) the money lending business; and (iii) the hotel operation business.

The Purchaser, which is a direct wholly-owned subsidiary of the Company, is an investment holding company.

INFORMATION OF THE VENDORS

Take Billion is an investment holding company and is held as to 100% by Ms. Cheung as at the date of this announcement.

Million Wealth is an investment holding company and is held as to 100% by Mr. Wang as at the date of this announcement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) financial and other information of the Target Company; (iii) financial and other information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Hotel Property; (vi) other information as required under the Listing Rules; and (vii) a notice convening the EGM will be despatched to the Shareholders on or before 22 March 2019, which is more than 15 Business Days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Purchaser from the Vendors pursuant to the Acquisition Agreement
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“Acquisition Agreement”	the sale and purchase agreement dated 26 February 2019 entered into among the Purchaser, the Vendors and the Vendors’ Guarantors in relation to the Acquisition
“Board”	the board of the Directors
“Business Day”	any day (excluding Saturdays, Sundays and days on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Rich Goldman Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 70)
“Completion”	completion of the Acquisition
“Completion Date”	means the 5th Business Day immediately following the day on which all the Conditions have been satisfied and/or waived (save for Condition (v) set out under the section headed “Conditions precedent” in this announcement which shall be fulfilled as at Completion), or such other date as the Vendors and the Purchaser may agree in writing on which Completion takes place
“Conditions”	the condition(s) precedent for Completion as set out in the section headed “Conditions precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition
“Deposit”	the deposit of HK\$45,500,000, of which HK\$13,000,000 shall be payable to Take Billion and HK\$32,500,000 shall be payable to Million Wealth, under the Acquisition Agreement, details of which are set out under the section headed “Consideration and payment terms” of this announcement

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if though fit, approve the Acquisition Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group upon Completion
“Group”	the Company and its subsidiaries
“HB Hotels”	Harbour Bay Hotels Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel” or “Hotel Portion”	means the whole Hotel Property except the ground floor but inclusive of the hotel foyer located at the ground floor
“Hotel Property”	the hotel property located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 30 June 2019 or such later date as the Vendors and the Purchaser may agree in writing from time to time
“Million Wealth”	Million Wealth Worldwide Limited, a company incorporated in the BVI with limited liability
“Million Wealth Deposit”	has the meaning as ascribed to it under the section headed “Consideration and payment terms” in this announcement

“Million Wealth Sale Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Million Wealth by the Target Company as at Completion, representing (i) all amounts owing by the Target Company to Million Wealth; and (ii) 50% of all amounts owing by the Target Company to its shareholders as at such date
“Million Wealth Sale Shares”	5,000 ordinary shares of the Target Company to be sold by Million Wealth to the Purchaser, which constitute 50% of the issued and fully paid up shares of the Target Company as at the date of this announcement and as at Completion
“Mr. Wang”	Mr. Wang Chi Hung
“Ms. Cheung”	Ms. Cheung Hei Nga Isabella
“Party”	means, collectively, the Vendors, the Vendors’ Guarantors and the Purchaser, and individually, a “Party”
“Purchaser”	Top Metro Ventures Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company
“Sale Loans”	means, collectively, the Take Billion Sale Loan and the Million Wealth Sale Loan
“Sale Shares”	means, collectively, the Take Billion Sale Shares and the Million Wealth Sale Shares, which represent, in aggregate, 70% of the issued share capital of the Target Company
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Take Billion”	Take Billion Holdings Limited, a company incorporated in the BVI with limited liability

“Take Billion Deposit”	has the meaning as ascribed to it under the section headed “Consideration and payment terms” in this announcement
“Take Billion Sale Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Take Billion by the Target Company as at Completion, representing (i) all amounts owing by the Target Company to Take Billion; and (ii) 20% of all amounts owing by the Target Company to its shareholders as at such date
“Take Billion Sale Shares”	2,000 ordinary shares of the Target Company to be sold by Take Billion to the Purchaser, which constitute 20% of the issued and fully paid up shares of the Target Company as at the date of this announcement and as at Completion
“Target Company”	Ever Praise Enterprises Limited, a company incorporated in the BVI with limited liability
“Vendors”	means, collectively, Take Billion and Million Wealth
“Vendors’ Guarantors”	means, collectively, Ms. Cheung and Mr. Wang
“Warranties”	the representations, warranties, indemnities and undertakings of the Vendors as set out in the Acquisition Agreement
“%”	per cent.

By order of the Board
Rich Goldman Holdings Limited
Lin Chuen Chow, Andy
Executive Director

Hong Kong, 26 February 2019

As at the date of announcement, the Board comprises Mr. Danny Xuda Huang, Mr. Lin Chuen Chow, Andy and Ms. So Wai Yin as executive Directors; Mr. Nicholas J. Niglio as non-executive Director and Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Miss Yeung Hoi Ching as independent non-executive Directors.