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If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 in Rich Goldman 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 transfer was effected for transmission to the purchaser or transferee.

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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**

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

A letter from the Board is set out on pages 5 to 16 of this circular.

A notice convening the EGM to be held on Wednesday, 17 April 2019 at 11 a.m. at Meeting Room of Soho 2, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it at the Company's share registrar and transfer office in Hong Kong at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). 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 (as the case may be) if you so wish.

27 March 2019

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Purchaser from the Vendors pursuant to the Acquisition Agreement
“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
“Announcement”	the announcement of the Company dated 26 February 2019 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 circular 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 circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition

DEFINITIONS

“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 circular
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Wednesday, 17 April 2019 at 11 a.m. at Meeting Room of Soho 2, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong, notice of which is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if though fit, approving the Acquisition Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group upon Completion
“EP Acquisition”	the acquisition of 30% of the issued share capital of the Target Company and 30% of all the outstanding indebtedness owing by the Target Company to its shareholders as at EP Completion by the Purchaser from Take Billion pursuant to the terms and condition of the EP Acquisition Agreement
“EP Acquisition Agreement”	the sale and purchase agreement dated 4 May 2017 (as supplemented and amended by a supplemental agreement entered on 26 May 2017) entered into among the Purchaser, Take Billion and Ms. Cheung in relation to the EP Acquisition
“EP Completion”	completion of the EP Acquisition
“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

DEFINITIONS

“Hotel Property”	the hotel property located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong
“Latest Practicable Date”	22 March 2019, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained in this circular
“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 circular
“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 the Acquisition Agreement and as at Completion
“Mr. Wang”	Mr. Wang Chi Hung
“Ms. Cheung”	Ms. Cheung Hei Nga Isabella
“Parties”	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

DEFINITIONS

“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 26 June 2017 and entered into among the Purchaser, the Vendors and the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“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 circular
“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 the Acquisition Agreement 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.

LETTER FROM THE BOARD



金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

Executive Directors:

Mr. Danny Xuda Huang (*Chairman*)
Mr. Lin Chuen Chow, Andy
Ms. So Wai Yin

Non-executive Director:

Mr. Nicholas J. Niglio

Independent non-executive Directors:

Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Miss Yeung Hoi Ching

Registered office:

Room 1807, 18/F
West Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

27 March 2019

To the Shareholder(s)

Dear Sir or Madam,

**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**

INTRODUCTION

Reference is made to the Announcement in which the Board announced that 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.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, 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.

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.

As at the Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 valuation of the Hotel Property of HK\$650,000,000 as at 31 December 2018 as prepared by an independent property valuer, BMI Appraisals Limited. The texts of its letter and valuation certificate are set out in Appendix VI to this circular. 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;

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, none of the Conditions has been fulfilled or met and the Purchaser does not have any intention to waive any of the Conditions.

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 in respect of the Target Company will be terminated.

LETTER FROM THE BOARD

SHAREHOLDERS' AGREEMENT

Date: 26 June 2017

Parties: the Vendors, the Purchaser and the Company

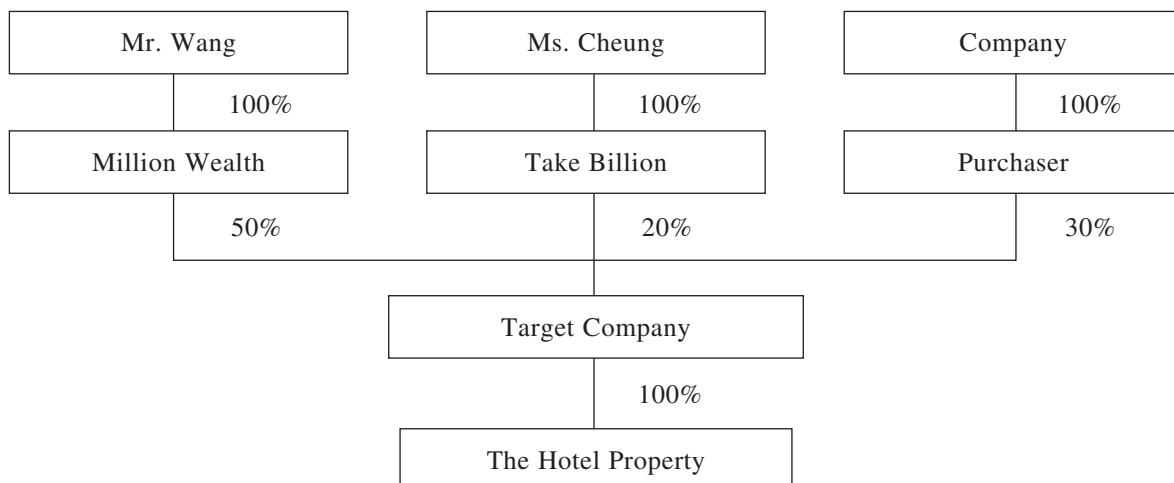
Purpose: The Vendors and the Purchaser have agreed to enter into certain commitments and to regulate their rights in relation to the Target Company and were desirous of entering into the Shareholders' Agreement for the purpose of assuring an orderly and harmonious relationship between them and to promote the successful operation and management of the Target Company.

Pursuant to the Shareholders' Agreement, among other things, (i) the board of the Target Company shall comprise three directors and each of Million Wealth, Take Billion and the Purchaser is entitled to appoint one director; (ii) the shareholders of the Target Company shall use all reasonable endeavours to arrange for loans or other credit facilities from banks, financial institutions or other third parties to be made available in connection with the business of the Target Company as may be required from time to time, failing which and to the extent necessary the shareholders of the Target Company agree to advance such loans to the Target Company in the proportion of their respective shareholdings in the Target Company if the Target Company needs additional working capital; and (iii) if a shareholder of the Target Company intends to sell or transfer all or a portion of its interest in the Target Company (the "**Offered Subject Interests**"), such shareholder shall give a notice (the "**Offering Notice**") to the other shareholders of the Target Company whereby the other shareholders shall have the right, for a period of 15 business days after receipt of such notice, to elect to purchase all (but not less than all) the Offered Subject Interests at the same price and on the same terms as specified in the Offering Notice.

In the event that the Acquisition is not approved by the Shareholders at the EGM, the Shareholders' Agreement will not be terminated and will remain in effect.

INFORMATION ON THE TARGET COMPANY

Set out below is the shareholding structure of the Target Company as at the Latest Practicable Date:



LETTER FROM THE BOARD

The Target Company is a company incorporated in the BVI with limited liability. The Target Company was incorporated on 20 December 2011. 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:	<p>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.</p> <p>Shop No. 1 on the ground floor of the Hotel Property is currently leased to an independent 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.</p>

LETTER FROM THE BOARD

Shop Nos. 2 and 3 on the ground floor of the Hotel Property is currently leased to an independent 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.

The Target Company entered into an agreement for sale and purchase dated 31 January 2012 with the vendors at that time for the acquisition of the Hotel Property and the vendors at that time were not connected persons of the Company.

On 4 May 2017, the Purchaser as purchaser, Take Billion as vendor and Ms. Cheung as guarantor to Take Billion entered into the EP Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and Take Billion conditionally agreed to sell, 30% of the issued share capital of the Target Company and 30% of all the outstanding indebtedness owing by the Target Company to its shareholders as at EP Completion, at an aggregate consideration of HK\$189,000,000. Details of such transaction are set out in the announcements of the Company dated 4 May 2017 and 26 May 2017 and the circular of the Company dated 29 May 2017.

Set out below is the audited financial information of the Target Company for the financial years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018 as prepared in accordance with Hong Kong Financial Reporting Standards as extracted from the accountants' report on the Target Company contained in Appendix II to this circular:

	For the year ended 31 March		For the nine months ended
	2017	2018	31 December
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	2018
			<i>(HK\$'000)</i>
Profit before taxation and extraordinary items	95,528	25,403	4,326
Profit after taxation and extraordinary items	95,372	25,270	4,170

The audited net asset value of the Target Company as 31 December 2018 was approximately HK\$298,334,000.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE ACQUISITION

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. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition is set out in Appendix V to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix V to this circular, assuming the Completion had taken place on 31 December 2018, (i) the consolidated total assets of the Enlarged Group would be increased by approximately HK\$8,181,000 to approximately HK\$1,202,162,000; and (ii) the consolidated liabilities of the Enlarged Group would be increased by approximately HK\$495,000 to approximately HK\$9,797,000.

According to the accountants' report on the Target Company as set out in Appendix II to this circular, the Target Company recorded profit and other comprehensive income of approximately HK\$25,270,000 for the year ended 31 March 2018. The Acquisition would lead to an decrease in the Group's earnings as if the Acquisition was completed on 1 July 2017, primarily attributable to the depreciation charge as the Hotel Portion is used by the Enlarged Group for its hotel operation.

By considering the Hotel Portion will continually be leased to HB Hotels after Completion, the intra group rental expenses contributed by HB Hotels is expected to be eliminated against the rental income generated by the Target Company. In light of the potential future prospects offered by the Acquisition as stated in the section headed "Reasons for and benefits of the Acquisition" in this letter from the Board, it is expected that the Acquisition would have a positive impact on the Enlarged Group's earnings in the future.

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. As disclosed in the Company's 2018 annual report and the interim results announcement for the six months ended 31 December 2018, the segment results from the hotel operation business amounted to approximately HK\$4.8 million and HK\$4.1 million and for the year ended 30 June 2018 and for the six months ended 31 December 2018 respectively.

As at the Latest Practicable Date, the Hotel Property is held by the Target Company, which is held as to 30% by the Group (which was acquired in 2017). The Hotel is leased to HB Hotels, a wholly-owned subsidiary of the Company and it has commenced the lease of the Hotel Property from the Target Company since 2015, prior to the acquisition by the Group in 2017. HB Hotels is responsible for the management and operation of the Hotel.

LETTER FROM THE BOARD

The Hotel is located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong. Tsim Sha Tsui is a giant world bazaar, where Hong Kong's glittering harbour is met by an alternate sea of stalls, shops, markets and malls. The Hotel is a 76 rooms boutique hotel uniquely designed with decor that is modern, with western accents, and is a smoking free hotel in town. The hotel rooms range from 14-33 square meter equipped with rain showers, and WIFI. All the rooms with selected beds and beddings are well-appointed to provide comfortable accommodation in Tsim Sha Tsui. The Hotel targets travellers from all over the world. Shops on the ground floor of the Hotel Property is leased for restaurants and florist so as to generate stable revenue and to accommodate the needs of Hotel customers and others.

The Group acquired 30% of equity interest in the Target Company in addition to the equity interest in HB Hotels in 2017 with the view that such acquisition would provide capital appreciation potential of the Hotel Property. The Directors thereafter consider that the Acquisition provides the Group with a valuable opportunity to reinforce its existing hotel business and the Group can capture the financial results of the Target Company as well as the potential capital appreciation of the Hotel Property to the full extent.

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. The ownership consolidation of the Hotel Property ensures that the Group will have greater flexibility in formulating business plans and strategies for the future business development of the Hotel and the Hotel Property as a whole, and to be solely determined by the Group, which in turn contributes to the sustainable growth of the Group.

As at the Latest Practicable Date, save for the above, the Group does not own and operate other hotels.

The Group's hotel business has been managed and overseen by Mr. Lin Chuen Chow, Andy and Mr. Danny Xuda Huang, executive Directors of the Company. Both of them have extensive qualification and experience in management and has accumulated experience in hotel investment and operation since the acquisition of equity interest in HB Hotels and the Target Company in 2017. Mr. Nicholas J. Niglio, non-executive Director, have extensive experience in hotel industry and would provide advice if necessary.

The Group does not envisage any material change in the mode of management of the Hotel and the Hotel Property upon Completion. The Group has key executives to manage the daily operation of the Hotel. The Group will also review the staffing and management requirement and may consider recruiting personnel with relevant expertise and experience if necessary.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

Million Wealth is an investment holding company and is held as to 100% by Mr. Wang as at the Latest Practicable Date.

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.

EGM AND VOTING

The Company will convene the EGM for the Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the Acquisition Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 11 a.m. on Wednesday, 17 April 2019 at Meeting Room of Soho 2, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and thus no Shareholder is required to abstain from voting at the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be), you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it at the Company's share registrar and transfer office in Hong Kong at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment (as the case may be) thereof if you so wish.

RECOMMENDATIONS

Having taken into account the reasons for and the benefits of the Acquisition as set out in this Letter from the Board, the Board considers 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 the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular and the notice of the EGM as set out on pages EGM-1 to EGM-2 of this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 30 June 2016, 30 June 2017 and 30 June 2018 respectively, and the unaudited condensed consolidated financial information of the Group for the six months ended 31 December 2018, together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.richgoldman.com.hk>):

- the annual report of the Company for the year ended 30 June 2016 published on 16 January 2017 (pages 31-113) <http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0116/LTN20170116637.pdf>;
- the annual report of the Company for the year ended 30 June 2017 published on 31 October 2017 (pages 44-112) <http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/1031/LTN20171031459.pdf>;
- the annual report of the Company for the year ended 30 June 2018 published on 29 October 2018 (pages 52-118) <http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1029/LTN20181029490.pdf>; and
- the interim results announcement of the Group for the six months ended 31 December 2018 published on 22 February 2019 (pages 1-22) <http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0222/LTN20190222624.pdf>.

2. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

(i) Shareholders' loans

The Enlarged Group had outstanding shareholders' loans of approximately HK\$261,741,000 payable to the Vendors as at 31 January 2019. The shareholders' loans were unsecured, non-interest bearing and has no fixed repayment terms.

(ii) Contingent Liabilities

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of HK\$1,592,000 has been made in the financial statements as at 30 June 2004. During the year ended 30 June 2018 and seven-month period ended 31 January 2019, there has been no significant progress.

(iii) Disclaimer

Save as disclosed above, the Enlarged Group, apart from intra-group liabilities, did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 January 2019.

3. WORKING CAPITAL STATEMENT OF THE ENLARGED GROUP

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds, the available credit facilities and the effect of the Acquisition, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of, as at the Latest Practicable Date, any material adverse change in the financial and trading position of the Group since 30 June 2018, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon Completion, the Enlarged Group will continue its existing gaming-related business, money lending business and hotel-related business.

Gaming-related business

Macau's gaming industry is enjoying a rebound in revenue in 2017 and 2018, following a long tough period. The gaming industry successfully upholds its vital role played in Macau's economy. The Directors are optimistic on the Macau gaming industry given the potential growth of number of visitors in the future.

As at the Latest Practicable Date, the Group had one junket operator which is currently operating junket business in relation to a total of 8 VIP tables in the casino of Grand Lisboa. The Group would continue to monitor closely the performance of the junket operator with whom the Group has allied through the profit sharing agreement, while continuing to explore other viable investment opportunities to diversify its revenue stream.

The Group intended to continue to engage in the gaming sector in Macau through its profit sharing agreements with the junket operator.

Money lending business

The Directors expect that the money lending market in Hong Kong will continue to grow in the near future. Based on the statistics published by the Hong Kong Monetary Authority, the total loans and advances of all authorised money lending institutions in Hong Kong have been increasing from approximately HK\$8,023.4 billion as at end of 2016 to approximately HK\$9,722.6 billion as at end of 2018.

With the strong financial capability and effective management of the Group, the Group has both the potential and the ability to further expand the money lending business and broadening its customer base. It is the intention of the Group to continue with the money lending business.

Hotel-related business

As discussed in the section headed “Reasons for and Benefits of the Acquisition” in the letter from the Board contained in this circular, the Board has been taking an optimistic view in the prospect of the Hong Kong hotel industry. As at the Latest Practicable Date, 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. In addition, as supported by the figures published by the Hong Kong Tourism Board, there has been a notably solid demand for hotel rooms in Hong Kong. The hotel room occupancy was increased from 89% in 2017 to 91% in 2018. In this connection, the Board is optimistic about the prospect of the hotel industry in Hong Kong.

The following is the text of a report set out on pages II-1 to II-27, received from the Company's reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

27 March 2019

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RICH GOLDMAN HOLDINGS LIMITED

Introduction

We report on the historical financial information of Ever Praise Enterprises Limited (formerly known as Ever Praise International Limited) ("Ever Praise"), set out on pages II-5 to II-27, which comprises the statements of financial position of Ever Praise as at 31 March 2016, 2017, 2018 and 31 December 2018, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the three years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-5 to II-27 forms an integral part of this report, which has been prepared for inclusion in the circular of Rich Goldman Holdings Limited (the "Company") dated 27 March 2019 (the "Circular") in connection with the proposed acquisition of the 70% equity interest in and the shareholders' loans owing by Ever Praise.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Ever Praise's financial position as at 31 March 2016, 2017, 2018 and 31 December 2018 and of Ever Praise's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Ever Praise which comprises statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months ended 31 December 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of Ever Praise are responsible for the preparation and presentation of the Stub Period Comparative 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 Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes 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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Report on matters under the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited

Adjustments

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

RSM Hong Kong
Certified Public Accountants
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF EVER PRAISE

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 Ever Praise for the Relevant Period, on which the Historical Financial Information is based, were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements")

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	For the year ended 31 March			For the nine months ended 31 December	
		2016	2017	2018	2017	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	9	5,244	6,189	6,332	4,732	4,775
Changes in fair value of investment property		107,651	89,916	20,000	–	–
Other income	10	–	1	1	1	38
Administrative expenses		<u>(579)</u>	<u>(578)</u>	<u>(930)</u>	<u>(784)</u>	<u>(487)</u>
Profit before tax		112,316	95,528	25,403	3,949	4,326
Income tax credit/(expense)	11	<u>875</u>	<u>(156)</u>	<u>(133)</u>	<u>(83)</u>	<u>(156)</u>
Profit and total comprehensive income for the year/period	12	<u><u>113,191</u></u>	<u><u>95,372</u></u>	<u><u>25,270</u></u>	<u><u>3,866</u></u>	<u><u>4,170</u></u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 December
	<i>Note</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets					
Investment property	15	540,000	630,000	650,000	650,000
Deferred tax assets	20	875	719	586	430
		<u>540,875</u>	<u>630,719</u>	<u>650,586</u>	<u>650,430</u>
Current assets					
Trade and other receivables	16	–	34	29	–
Amount due from a related company	17	4,072	2,084	599	–
Current tax assets		–	–	–	147
Bank and cash balances		3,190	10,632	17,350	22,697
		<u>7,262</u>	<u>12,750</u>	<u>17,978</u>	<u>22,844</u>
Current liabilities					
Accruals and other payables	18	699	659	485	495
Amounts due to related companies	19	39,808	–	–	530
Amount due to shareholders	19	334,185	373,993	373,915	373,915
		<u>374,692</u>	<u>374,652</u>	<u>374,400</u>	<u>374,940</u>
Net current liabilities		<u>(367,430)</u>	<u>(361,902)</u>	<u>(356,422)</u>	<u>(352,096)</u>
NET ASSETS		<u>173,445</u>	<u>268,817</u>	<u>294,164</u>	<u>298,334</u>
Capital and reserves					
Share capital	21	1	1	78	78
Retained profits		173,444	268,816	294,086	298,256
TOTAL EQUITY		<u>173,445</u>	<u>268,817</u>	<u>294,164</u>	<u>298,334</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

STATEMENTS OF CHANGES IN EQUITY

	Share Capital <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015	1	60,253	60,254
Profit and total comprehensive income for the year	<u>–</u>	<u>113,191</u>	<u>113,191</u>
At 31 March 2016 and 1 April 2016	1	173,444	173,445
Profit and total comprehensive income for the year	<u>–</u>	<u>95,372</u>	<u>95,372</u>
At 31 March 2017 and 1 April 2017	1	268,816	268,817
Issue of shares	77	–	77
Profit and total comprehensive income for the year	<u>–</u>	<u>25,270</u>	<u>25,270</u>
At 31 March 2018 and 1 April 2018	78	294,086	294,164
Profit and total comprehensive income for the period	<u>–</u>	<u>4,170</u>	<u>4,170</u>
At 31 December 2018	<u>78</u>	<u>298,256</u>	<u>298,334</u>
At 1 April 2017, unaudited	1	268,816	268,817
Issue of shares, unaudited	77	–	77
Profit and total comprehensive income for the period, unaudited	<u>–</u>	<u>3,866</u>	<u>3,866</u>
At 31 December 2017, unaudited	<u>78</u>	<u>272,682</u>	<u>272,760</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

STATEMENTS OF CASH FLOWS

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	112,316	95,528	25,403	3,949	4,326
Adjustments for:					
Interest income	–	(1)	(1)	(1)	(7)
Changes in fair value of investment property	(107,651)	(89,916)	(20,000)	–	–
Operating profit before working capital changes	4,665	5,611	5,402	3,948	4,319
Decrease/(increase) in trade and other receivables	301	(34)	5	(348)	29
(Increase)/decrease in amounts due from/(to) related companies	(3,392)	1,988	1,485	619	1,129
Increase/(decrease) in accruals and other payables	612	(40)	(174)	(174)	10
Cash generated from operations	2,186	7,525	6,718	4,045	5,487
Income taxes paid	–	–	–	–	(147)
Net cash generated from operating activities	2,186	7,525	6,718	4,045	5,340
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	–	1	1	1	7
Purchase of investment property	(2,349)	(84)	–	–	–
Net cash (used in)/generated from investing activities	(2,349)	(83)	1	1	7

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares	–	–	77	77	–
Decrease in amount due to shareholders	–	–	(78)	(78)	–
Net cash used in financing activities	–	–	(1)	(1)	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(163)	7,442	6,718	4,045	5,347
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	3,353	3,190	10,632	10,632	17,350
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	3,190	10,632	17,350	14,677	22,697
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	3,190	10,632	17,350	14,677	22,697

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

Ever Praise was incorporated in the British Virgin Islands (“BVI”) with limited liability. The address of its registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The address of its principal place of business is No. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of Ever Praise are property holding and leasing.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Historical Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by Ever Praise are disclosed below.

The directors of Ever Praise have given careful consideration in preparing the Historical Financial Information on a going concern basis to the fact that Ever Praise’s current liabilities exceed its current assets by approximately HK\$352,096,000 as at 31 December 2018. Ever Praise’s current liabilities as at 31 December 2018 mainly comprise an amount due to shareholders of approximately HK\$373,915,000. Ever Praise’s shareholders have agreed not to demand immediate repayment of this amount in the next twelve months unless Ever Praise has excess cash in managing its daily operations and has adequate funds to repay. The directors of Ever Praise are therefore of the opinion that Ever Praise has sufficient working capital for its present requirements for the twelve months from 31 December 2018 and accordingly it is appropriate to prepare the Historical Financial Information on a going concern basis.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, Ever Praise has consistently applied the accounting policies which conform with HKFRSs throughout the Relevant Period, which are effective for accounting period beginning on 1 April 2017 throughout the Relevant Period, except that Ever Praise has adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers starting from 1 April 2018. Note 3 provides information on any changes in accounting policies resulting from initial application of any new and revised HKFRSs to the extent that they are relevant to Ever Praise for the Relevant Period reflected in the Historical Financial Information.

The adoption of HKFRS 9 and HKFRS 15 did not have a material effect on how Ever Praise’s results and financial position for the current or prior periods have been prepared or presented. Ever Praise has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New and revised HKFRSs in issue but not yet effective

Ever Praise has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 April 2018. These new and revised HKFRSs include the following which may be relevant to Ever Praise.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Ever Praise is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, Ever Praise expects that the transition adjustment to be made upon the initial adoption of HKFRS 16 will not be material. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to Ever Praise, and further impact may be identified before the standards are initially applied in Ever Praise's annual financial statements for the year ended 31 March 2019. Ever Praise may also change its accounting policy elections, including the transition options, when the standards are initially applied in those annual financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment property are measured at fair value).

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ever Praise's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Historical Financial Information of Ever Praise are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in Hong Kong dollars, which is Ever Praise's functional and presentation currency.

(ii) *Transactions and balances in Historical Financial Information*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(b) Investment property

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(c) Operating Leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when Ever Praise becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Ever Praise derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Ever Praise neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Ever Praise recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Ever Praise retains substantially all the risks and rewards of ownership of a transferred financial asset, Ever Praise continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Ever Praise derecognises financial liabilities when, and only when, Ever Praise's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Policy prior to 1 April 2018

Ever Praise classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables and bank and cash balances are classified in this category.

(f) Trade and other receivables

A receivable is recognised when Ever Praise has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before Ever Praise has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of Ever Praise after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Other payables

Other payables 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 immaterial, in which case they are stated at cost.

(j) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Ever Praise are recorded at the proceeds received, net of direct issue costs.

(k) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which Ever Praise is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised as it accrues using the effective interest method.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Policy prior to 1 April 2018

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to Ever Praise when specific criteria have been met for each of the Ever Praise's activities.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

(l) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years/period and items that are never taxable or deductible. Ever Praise's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which Ever Praise expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of Ever Praise whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

(m) Related parties

A related party is a person or entity that is related to Ever Praise.

(A) A person or a close member of that person's family is related to Ever Praise if that person:

- (i) has control or joint control over Ever Praise;
- (ii) has significant influence over Ever Praise; or
- (iii) is a member of the key management personnel of Ever Praise or of a parent of Ever Praise.

(B) An entity is related to Ever Praise if any of the following conditions applies:

- (i) The entity and Ever Praise are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either Ever Praise or an entity related to Ever Praise.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(n) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(o) Impairment of financial assets

Ever Praise recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all financial instruments, Ever Praise recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, Ever Praise measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 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.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, Ever Praise 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, Ever Praise 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. Forward-looking information considered includes the future prospects of the industries in which Ever Praise's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to Ever Praise's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Ever Praise 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 Ever Praise has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, Ever Praise 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. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor 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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Ever Praise considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

Ever Praise regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

Ever Praise considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Ever Praise, in full (without taking into account any collaterals held by Ever Praise).

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

Credit-impaired financial assets

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:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

Ever Praise writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under Ever Praise's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to Ever Praise in accordance with the contract and all the cash flows that Ever Praise expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

If Ever Praise has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, Ever Praise measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Ever Praise recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Policy prior to 1 April 2018

At the end of each reporting periods, Ever Praise assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, Ever Praise assesses them collectively for impairment, based on Ever Praise's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Ever Praise has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

(q) Events after the reporting period

Events after the reporting period that provide additional information about Ever Praise's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the judgement that has the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below) in respect of deferred tax for investment property.

For the purposes of measuring deferred tax for investment property that is measured using the fair value model, the directors have reviewed Ever Praise's investment property portfolio and concluded that Ever Praise's investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, in determining Ever Praise's deferred tax for investment property, the directors of Ever Praise have adopted the presumption that investment property measured using the fair value model is recovered through sale.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period is in relation to the fair value of investment property.

Ever Praise appointed an independent professional valuer to assess the fair value of the investment property. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors of Ever Praise have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment property as at 31 March 2016, 2017, 2018 and 31 December 2018 was HK\$540,000,000, HK\$630,000,000, HK\$650,000,000 and HK\$650,000,000 respectively.

6. FINANCIAL RISK MANAGEMENT

Ever Praise's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. Ever Praise's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Ever Praise's financial performance.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Ever Praise is exposed to credit risk from its operating activities (primarily amount due from a related company) and from its financing activities, including deposits with banks. Ever Praise's exposure to credit risk arising from bank and cash balances is limited because the counterparty is bank with high credit-rating assigned by international credit-rating agencies, for which Ever Praise considers to have low credit risk.

Ever Praise has no significant concentrations of credit risk.

For amount due from a related company, management makes periodic collective assessments as well as individual assessment on the recoverability of amount due from a related company based on historical settlement records and past experience. The directors of Ever Praise believe that there is no material credit risk inherent in Ever Praise's outstanding balance of the amount due from a related company.

(b) Liquidity risk

Ever Praise's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All of Ever Praise's financial liabilities are due within one year.

In the opinion of directors of Ever Praise, liquidity risk can be mitigated as the shareholders of Ever Praise have agreed to provide adequate funds to enable Ever Praise to meet its liabilities as they fall due in the foreseeable future. The directors of Ever Praise consider that Ever Praise will have sufficient financial resources to finance its working capital requirements.

(c) Interest rate risk

As Ever Praise has no significant interest-bearing assets and liabilities, Ever Praise's operating cash flows are substantially independent of changes in market interest rates.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

(d) **Categories of financial instruments at the end of each reporting period**

	As at 31 March			As at
	2016	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets:				
Financial assets				
measured at amortised cost	–	–	–	22,697
Loans and receivables (including cash and cash equivalents)	7,262	12,716	17,966	–
Financial liabilities:				
Financial liabilities at amortised cost	374,547	374,507	374,400	374,940

(e) **Fair values**

The carrying amounts of Ever Praise's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that Ever Praise can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

Ever Praise's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) **Disclosures of level in fair value hierarchy at the end of each reporting period:**

At 31 March 2016, 2017, 2018 and 31 December 2018, the fair value measurements of Ever Praise's investment property, being a hotel premise located in Hong Kong, at fair value are recurring and are determined using level 3 inputs.

(b) **Reconciliation of asset measured at fair value based on level 3:**

	As at 31 March			As at
	2016	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of period	430,000	540,000	630,000	650,000
Additions	2,349	84	–	–
Total gain recognised in profit or loss ^(#)	107,651	89,916	20,000	–
At end of period	540,000	630,000	650,000	650,000
^(#) Include gains or losses for asset held at end of reporting period	107,651	89,916	20,000	–

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The total gains recognised in profit and loss including those for asset held at end of reporting period are presented in changes in fair value of an investment property in the statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by Ever Praise and valuation techniques and inputs used in fair value measurements at 31 March 2016, 2017, 2018 and 31 December 2018

Ever Praise's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller of Ever Praise reports directly to the Board of Directors of Ever Praise for these fair value measurements. Discussions of valuation processes and results are held between the financial controller of Ever Praise and the Board of Directors of Ever Praise at least once a year.

For level 3 fair value measurements, Ever Praise will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The valuation techniques used and the key inputs to the level 3 fair value measurements are set out below:

Key unobservable inputs used in level 3 fair value measurements are mainly:

- adjusted factor on retail potential
- adjusted factor on hotel star rate

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Range	Fair value as at 31 March 2016 <i>HK\$'000</i>
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Investment property

- Commercial building located in Hong Kong	Comparison approach	Adjusted factor on retail potential	Increase	10% - 30%	540,000
		Adjusted factor on hotel star rate	Increase	10%	

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Range	Fair value as at 31 March 2017 <i>HK\$'000</i>
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Investment property

- Commercial building located in Hong Kong	Comparison approach	Adjusted factor on retail potential	Increase	2% - 30%	630,000
		Adjusted factor on hotel star rate	Increase	0% - 10%	

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Range	Fair value as at 31 March 2018 <i>HK\$'000</i>
Investment property					
– Commercial building located in Hong Kong	Comparison approach	Adjusted factor on retail potential	Increase	0% - 30%	650,000
		Adjusted factor on hotel star rate	Increase	0% - 10%	
Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Range	Fair value as at 31 December 2018 <i>HK\$'000</i>
Investment property					
– Commercial building located in Hong Kong	Comparison approach	Adjusted factor on retail potential	Increase	0% - 30%	650,000
		Adjusted factor on hotel star rate	Increase	0% - 10%	

During the Relevant Period, there was no change in the valuation technique used.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

8. SEGMENT INFORMATION

Ever Praise's operating segment is rental operations. Since this is the only operating segment of Ever Praise, no further analysis thereof is presented.

Ever Praise's operations and operating assets are substantially located in Hong Kong. Accordingly, no geographical segment information is presented.

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Customer A (<i>note</i>)	4,084	4,555	4,535	3,421	3,391
Customer B	1,160	1,595	1,595	1,160	1,233

Note: Customer A is a related company of Ever Praise.

9. REVENUE

Ever Praise's revenue represents rental income from leasing of the hotel property during the Relevant Period.

10. OTHER INCOME

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Bank interest income	–	1	1	1	7
Sundry income	–	–	–	–	31
	–	1	1	1	38

11. INCOME TAX (CREDIT)/EXPENSE

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax					
Provision for the year/period	–	–	–	–	–
Deferred tax (<i>note 20</i>)	(875)	156	133	83	156
	(875)	156	133	83	156

No provision for Hong Kong Profits Tax was made for the year ended 31 March 2016 since Ever Praise had no assessable profits for that year.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

No provision for Hong Kong Profits Tax has been made in the Historical Financial Information for the year ended 31 March 2017, 2018 and the nine months period ended 31 December 2018 since Ever Praise has sufficient tax losses brought forward to set off against assessable profits for the underlying year/period.

The reconciliation between the income tax (credit)/expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	For the year ended 31 March			For the nine months ended 31 December	
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit before tax	112,316	95,528	25,403	3,949	4,326
Tax calculated at applicable tax rate of 16.5%	18,532	15,762	4,192	651	714
Tax effect of income that is not taxable	(17,762)	(14,836)	(3,300)	–	(1)
Tax effect of temporary difference not recognised	(1,645)	(614)	(626)	(485)	(401)
Utilisation of tax losses not previously recognised	–	(156)	(133)	(83)	(156)
Income tax (credit)/expense	<u>(875)</u>	<u>156</u>	<u>133</u>	<u>83</u>	<u>156</u>

12. PROFIT FOR THE YEAR/PERIOD

Ever Praise's profit for the Relevant Period is stated after charging the following:

	For the year ended 31 March			For the nine months ended 31 December	
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Auditor's remuneration	25	25	–	–	30
Directors' emoluments	–	–	–	–	–
– As directors	–	–	–	–	–
– For management	–	–	–	–	–
Changes in fair value of investment property	<u>107,651</u>	<u>89,916</u>	<u>20,000</u>	<u>–</u>	<u>–</u>

13. DIVIDENDS

Ever Praise did not declare or pay any dividends during the years ended 31 March 2016, 2017, 2018 and nine months ended 31 December 2018.

14. EARNINGS PER SHARE

Earnings per share have not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

15. INVESTMENT PROPERTY

	<i>HK\$'000</i>
At 1 April 2015	430,000
Additions	2,349
Change in fair value for the year	<u>107,651</u>
At 31 March 2016 and 1 April 2016	540,000
Additions	84
Change in fair value for the year	<u>89,916</u>
At 31 March 2017 and 1 April 2017	630,000
Change in fair value for the year	<u>20,000</u>
At 31 March 2018, 1 April 2018 and 31 December 2018	<u><u>650,000</u></u>

Investment property was revalued at 31 March 2016, 2017 and 2018 and at 31 December 2018 on the open market value basis by reference to market evidence of recent transactions for similar properties by BMI Appraisals Limited, an independent firm of chartered surveyors.

16. TRADE AND OTHER RECEIVABLES

	As at 31 March			As at
	2016	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
				<i>HK\$'000</i>
Rent receivables	–	–	17	–
Prepayments	<u>–</u>	<u>34</u>	<u>12</u>	<u>–</u>
	<u><u>–</u></u>	<u><u>34</u></u>	<u><u>29</u></u>	<u><u>–</u></u>

The ageing analysis of rent receivables, based on the invoice date, and net of allowance, is as follows:

	As at 31 March			As at
	2016	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
				<i>HK\$'000</i>
0 to 90 days	<u>–</u>	<u>–</u>	<u>17</u>	<u>–</u>

As of 31 March 2018, no rent receivables were past due but not impaired.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

17. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name of related company	Name of directors having beneficial interest	Maximum amount outstanding during the year ended	Maximum amount outstanding during the year ended	Maximum amount outstanding during the year ended	Maximum amount outstanding during the nine months ended	Balance as at	Balance as at	Balance as at	Balance as at
		31 March 2016 <i>HK\$'000</i>	31 March 2017 <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>	31 December 2018 <i>HK\$'000</i>	31 March 2016 <i>HK\$'000</i>	31 March 2017 <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>	31 December 2018 <i>HK\$'000</i>
Harbour Bay Hotels Limited	Wang Chi Hung, Cheung Hei Nga Isabella	4,072	4,072	-	-	4,072	2,084	-	-

On 26 June 2017, Top Metro Ventures Limited, a wholly owned subsidiary of Rich Goldman Holdings Limited, acquired the entire equity interest in Harbour Bay Hotels Limited. The above directors of Ever Praise no longer have beneficial interest in Harbour Bay Hotels Limited and no disclosure is made for the balance as at 31 March 2018 and 31 December 2018.

18. ACCRUALS AND OTHER PAYABLES

	As at 31 March			As at
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	31 December 2018 <i>HK\$'000</i>
Accruals	119	29	-	-
Receipt in advances	145	145	-	-
Rental deposit received	435	485	485	495
	699	659	485	495

19. AMOUNTS DUE TO RELATED COMPANIES/SHAREHOLDERS

The amounts due are unsecured, non-interest bearing and have no fixed repayment terms.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

20. DEFERRED TAX ASSETS

The following are the deferred tax assets recognised by Ever Praise.

	Tax losses <i>HK\$'000</i>
At 1 April 2015	–
Charge to profit or loss for the year (<i>note 11</i>)	875
At 31 March 2016 and 1 April 2016	875
Charge to profit or loss for the year (<i>note 11</i>)	(156)
At 31 March 2017 and 1 April 2017	719
Charge to profit or loss for the year (<i>note 11</i>)	(133)
At 31 March 2018 and 1 April 2018	586
Charge to profit or loss for the period (<i>note 11</i>)	(156)
At 31 December 2018	430

As at 31 March 2016, 2017, 2018 and 31 December 2018, Ever Praise has unused tax losses of approximately HK\$5,300,000, HK\$4,364,000, HK\$3,556,000 and HK\$2,604,000 respectively available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$875,000, HK\$719,000, HK\$586,000 and HK\$430,000 of such losses. The tax losses may be carried forward indefinitely.

21. SHARE CAPITAL

	Number of shares	Amount US\$	HK\$
Authorized:			
Ordinary shares of US\$1 each	50,000	50,000	390,000
Issued and fully paid:			
At 1 April 2015, 31 March 2016, 1 April 2016, 31 March 2017 and 1 April 2017	2	2	16
Issue of shares (<i>note</i>)	9,998	9,998	77,984
At 31 March 2018, 1 April 2018 and 31 December 2018	10,000	10,000	78,000

Note: On 26 June 2017 an aggregate of 9,998 ordinary shares of US\$1 each were issued at a price of US\$1 each to provide additional working capital for Ever Praise.

Ever Praise's objectives when managing capital are to safeguard Ever Praise's ability to continue as a going concern and to maximise the return to the equity holders through the optimisation of the debt and equity balance.

Ever Praise currently does not have any specific policies and processes for managing capital.

Ever Praise is not subject to any externally imposed capital requirements.

22. CONTINGENT LIABILITIES

At the end of each reporting period, Ever Praise did not have any significant contingent liabilities.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

23. LEASE COMMITMENTS

Rental income earned during the year ended 31 March 2016, 2017, 2018 and nine months period ended 31 December 2018 were HK\$5,244,000, HK\$6,189,000, HK\$6,332,000 and HK\$4,775,000 respectively. Ever Praise's investment property is held for rental purpose. They are expected to generate rental yields of 1.2% per annum on an ongoing basis. The property held has committed tenants for a range of one to three years.

At the end of the Relevant Period, the total future minimum lease payments under non-cancellable operating leases are receivables as follows:

	As at 31 March			As at
	2016	2017	2018	31 December
	HK\$'000	HK\$'000	HK\$'000	2018 HK\$'000
Within one year	7,040	7,857	6,526	8,196
In the second to fifth years inclusive	14,405	7,401	20,097	16,296
	<u>21,445</u>	<u>15,258</u>	<u>26,623</u>	<u>24,492</u>

24. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, Ever Praise had the following transactions with its related parties during the Relevant Period:

	For the year ended 31 March			For the nine months	
	2016	2017	2018	ended 31 December	2018
	HK\$'000	HK\$'000	HK\$'000	2017	2018
Rental income received from a related company	4,535	4,555	4,084	3,421	3,391
	<u>4,535</u>	<u>4,555</u>	<u>4,084</u>	<u>3,421</u>	<u>3,391</u>

25. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in Ever Praise's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Ever Praise's statement of cash flows as cash flows from financing activities.

	At	Cash outflow	At
	1 April		31 March
	2017		2018
	HK\$'000	HK\$'000	HK\$'000
Due to shareholders	373,993	(78)	373,915
	<u>373,993</u>	<u>(78)</u>	<u>373,915</u>
	At	Cash inflow	At
	1 April		31 December
	2018		2018
	HK\$'000	HK\$'000	HK\$'000
Due to shareholders	373,915	-	373,915
	<u>373,915</u>	<u>-</u>	<u>373,915</u>

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Ever Praise in respect of any period subsequent to 31 March 2018 and up to the date of this report.

The Target Company is a company incorporated in the BVI with limited liability on 20 December 2011. As at the Latest Practicable Date, it is owned as to 30% by the Purchaser, 50% by Million Wealth and 20% by Take Billion. The principal activities of the Target Company are property holding and property leasing and the principal asset of the Target Company is the Hotel Property.

The Target Company's financial year begins from 1 April and ends on 31 March. All references to "FY2016", "FY2017" and "FY2018" mean the financial years ended 31 March 2016, 2017 and 2018, respectively. Set out below is the management discussion and analysis of the Target Company for each of FY2016, FY2017 and FY2018 and the nine months ended 31 December 2018.

FOR THE YEAR ENDED 31 MARCH 2016

Business and financial review

During FY2016, the renovation work of the Hotel Property was completed. As such, the Target Company as a lessor and HB Hotels as a lessee entered into a tenancy agreement 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 HK\$5.94 million per annum 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). It also entered into other tenancy agreement with other independent third party in respect of Shop No. 1 of the ground floor of the Hotel Property. As a result, the Target Company recorded revenue of HK\$5.2 million which represented the rental income from the Hotel Property.

The general and administrative expenses incurred by the Target Company of approximately HK\$0.6 million mainly represented rate and building management fees. It also recorded a valuation gains on the Hotel Property of approximately HK\$107.7 million during FY2016. As a result of the foregoing, the Target Company recorded profit of approximately HK\$113.2 million for financial year ended 31 March 2016.

Capital structure, liquidity and financial resources

During FY2016, the Target Company's operations were mainly financed by cash flow from operation.

As at 31 March 2016, the Target Company had cash of approximately HK\$3.2 million. The majority of the Target Company's assets was investment property of approximately HK\$540.0 million, which was non-current in nature, and the amount due from a related company, HB Hotels, of approximately HK\$4.1 million; while the majority of its liabilities were the amounts due to shareholders of approximately HK\$334.2 million and amounts due to a related company of approximately HK\$39.8 million. Therefore, the Target Company recorded net current liabilities of approximately HK\$367.4 million as at 31 March 2016. The amount due to a related company as at 31 March 2016 mainly represented the renovation costs of the Hotel Property. The amounts due to shareholders and a related company and the amount due from a related company are unsecured, non-interest bearing and have no fixed repayment terms.

During FY2016, the Target Company did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 March 2016, the Target Company's current ratio ("**Current Ratio**", represented by current assets as a percentage of current liabilities) and gearing ratio ("**Gearing Ratio**", represented by total liabilities as a percentage of total assets) were approximately 1.9% and approximately 68.4% respectively.

Employment and remuneration policy

As at 31 March 2016, the Target Company did not have any employees.

Significant investment

During FY2016, save for the Hotel Property, the Target Company did not hold any significant investment.

Future plans for material investments or capital assets

As at 31 March 2016, the Target Company did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiary

During FY2016, the Target Company did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 March 2016, the Target Company did not have any charges on assets.

Contingent liabilities

The Target Company had no material contingent liabilities as at 31 March 2016.

Foreign exchange exposure

During FY2016, the Target Company was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in HK dollars.

FOR THE YEAR ENDED 31 MARCH 2017**Business and financial review**

During FY2017, the Target Company recorded revenue of HK\$6.2 million which represented of rental income from the Hotel Property. It entered into a tenancy agreement with HB Hotels for a term of five years commencing from 1 June 2016 at HK\$120,000 per annum in respect of the fourth floor of the Hotel Property. It also entered into a tenancy agreement with other independent third party in respect of Shop No. 2 and 3 of the ground floor of the Hotel Property.

The general and administrative expenses incurred by the Target Company of approximately HK\$0.6 million mainly represented rate and building management fees. It also recorded a valuation gains on the Hotel Property of approximately HK\$89.9 million during FY2017. As a result of the foregoing, the Target Company recorded profit of approximately HK\$95.4 million for FY2017.

Capital structure, liquidity and financial resources

During FY2017, the Target Company mainly financed its operation by cash flow from operation and shareholders' loans.

As at 31 March 2017, the Target Company had cash of approximately HK\$10.6 million. The majority of the Target Company's assets was investment property of approximately HK\$630.0 million, which was non-current in nature, and the amount due from a related company, HB Hotels, of approximately HK\$2.1 million; while the majority of its liabilities were the amounts due to shareholders of approximately HK\$374.0 million. Therefore, the Target Company recorded net current liabilities of approximately HK\$361.9 million as at 31 March 2017. The amounts due to shareholders and the amount due from a related company are unsecured, non-interest bearing and have no fixed repayment terms.

During FY2017, the Target Company did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 March 2017, the Target Company's Current Ratio and Gearing Ratio were approximately 3.4% and approximately 58.2% respectively. The increase in the Current Ratio as compared to that as at 31 March 2016 was mainly due to the increase in cash generated from operation. The decrease in Gearing Ratio as compared to that as at 31 March 2016 was mainly due to the revaluation gain on the Hotel Property and repayment of amount due to a related company by the Target Company during FY2017.

Employment and remuneration policy

As at 31 March 2017, the Target Company did not have any employees.

Significant investment

During FY2017, save for the Hotel Property, the Target Company did not hold any significant investment.

Future plans for material investments or capital assets

As at 31 March 2017, the Target Company did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiary

During FY2017, the Target Company did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 March 2017, the Target Company did not have any charges on assets.

Contingent liabilities

The Target Company had no material contingent liabilities as at 31 March 2017.

Foreign exchange exposure

During FY2017, the Target Company was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in HK dollars.

FOR THE YEAR ENDED 31 MARCH 2018**Business and financial review**

During FY2018, the Target Company recorded revenue of approximately HK\$6.3 million which represented rental income from the Hotel Property.

The general and administrative expenses incurred by the Target Company of approximately HK\$0.9 million mainly represented rate and building management fees. It also recorded a valuation gains on the Hotel Property of approximately HK\$20.0 million during FY2018. As a result of the foregoing, the Target Company recorded profit of approximately HK\$25.3 million for FY2018.

Capital structure, liquidity and financial resources

During FY2018, the Target Company mainly financed its operations by cash flow from operation.

As at 31 March 2018, the Target Company had cash of approximately HK\$17.4 million. The majority of the Target Company's assets was investment property of approximately HK\$650.0 million, which was non-current in nature, and the amount due from a related company, HB Hotels, of approximately HK\$0.6 million; while the majority of its liabilities were the amounts due to shareholders of approximately HK\$373.9 million. Therefore, the Target Company recorded net current liabilities of approximately HK\$356.4 million as at 31 March 2018. The amounts due to shareholders and the amount due from a related company are unsecured, non-interest bearing and have no fixed repayment terms.

During FY2018, the Target Company did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 March 2018, the Target Company's Current Ratio and Gearing Ratio were approximately 4.8% and approximately 56.0% respectively. The increase in Current Ratio as compared to that as at 31 March 2017 was mainly due to increase in cash generated from operation. The decrease in Gearing Ratio as compared to that as at 31 March 2017 was mainly due to the revaluation gain on the Hotel Property by the Target Company during FY2018.

Employment and remuneration policy

As at 31 March 2018, the Target Company did not have any employees.

Significant investment

During FY2018, save for the Hotel Property, the Target Company did not hold any significant investment.

Future plans for material investments or capital assets

As at 31 March 2018, the Target Company did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiary

During FY2018, the Target Company did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 March 2018, the Target Company did not have any charges on assets.

Contingent liabilities

The Target Company had no material contingent liabilities as at 31 March 2018.

Foreign exchange exposure

During FY2018, the Target Company was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in HK dollars.

FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**Business and financial review**

During the nine months ended 31 December 2018, the Target Company recorded revenue of approximately HK\$4.8 million which represented rental income from the Hotel Property. In respect of the fourth floor of the Hotel Property, it entered into tenancy agreement with for a term of three years commencing from 1 July 2018. It also entered into tenancy agreement with other independent third party in respect of Shop No. 1 of the ground floor of the Hotel Property.

The general and administrative expenses incurred by the Target Company of approximately HK\$0.5 million mainly represented rate and building management fees. As a result of the foregoing, the Target Company recorded profit of approximately HK\$4.2 million for the nine months ended 31 December 2018.

Capital structure, liquidity and financial resources

During the nine months ended 31 December 2018, the Target Company mainly financed its operations by cash flow from operation.

As at 31 December 2018, the Target Company had cash of approximately HK\$22.7 million. The majority of the Target Company's assets was investment property of approximately HK\$650.0 million, which was non-current in nature; while the majority of its liabilities were the amounts due to shareholders of approximately HK\$373.9 million. Therefore, the Target Company recorded net current liabilities of approximately HK\$352.1 million as at 31 December 2018. The amount due to shareholders is unsecured, non-interest bearing and have no fixed repayment terms.

During the nine months ended 31 December 2018, the Target Company did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2018, the Target Company's Current Ratio and Gearing Ratio were approximately 6.1% and approximately 55.7% respectively. The increase in Current Ratio as compared to that as at 31 March 2018 was mainly due to increase in cash generated from operation. The decrease in Gearing Ratio as compared to that as at 31 March 2018 was mainly due to the increase in bank and cash balances during the nine months ended 31 December 2018.

Employment and remuneration policy

As at 31 December 2018, the Target Company did not have any employees.

Significant investment

During the nine months ended 31 December 2018, save for the Hotel Property, the Target Company did not hold any significant investment.

Future plans for material investments or capital assets

As at 31 December 2018, the Target Company did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiary

During the nine months ended 31 December 2018, the Target Company did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 December 2018, the Target Company did not have any charges on assets.

Contingent liabilities

The Target Company had no material contingent liabilities as at 31 December 2018.

Foreign exchange exposure

During the nine months ended 31 December 2018, the Target Company was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in HK dollars.

Set out below are the management discussion and analysis of the Group as extracted from the annual reports of the Company for each of the three financial years ended 30 June 2018 (the “Management Discussion and Analysis”). Terms used below shall have the same meanings as those defined in the Management Discussion and Analysis.

FOR THE YEAR ENDED 30 JUNE 2018

FINANCIAL REVIEW

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 (the “Gaming and Entertainment Business”) at respective casino’s VIP rooms in Macau through independent junket operators in Macau (the “Junket Operators”); (ii) the money lending business; and (iii) the hotel operation business.

The Board announced that the audited net profit of the Group for the year ended 30 June 2018 amounted to approximately HK\$124.4 million (2017: net profit of HK\$39.9 million) and the net profit for the year attributable to owners of the Company amounted to approximately HK\$39.0 million (2017: net loss of HK\$10.2 million).

Gaming and Entertainment Business

The Group’s gaming revenue decreased by approximately 69.09% from approximately HK\$295.5 million for the year ended 30 June 2017 to approximately HK\$91.3 million for the year ended 30 June 2018. The decrease was attributable to the termination of junket representative agreements between Venetian Macau Limited and our Junket Operators in 2017, leaving the VIP room in the casino of Grand Lisboa as the only remaining currently operating junket business of our Group.

The following is the summary relating to revenue contributed by the VIP junket rooms for each of the two years ended 30 June 2018.

		For the year ended 30 June		
		2018	2017	
		Revenue	Revenue	Change
		<i>(HK\$ in millions, except percentage and points)</i>		
I)	The Venetian Macau			
	Venetian Neptune GD VIP Club	–	86.5	-100%
II)	Sands Macau			
	Sands Neptune GD VIP Club	10.3	114.6	-91%
III)	Grand Lisboa			
	Neptune GD VIP Club	81.0	94.4	-14%
		<u>81.0</u>	<u>94.4</u>	<u>-14%</u>

On 31 May 2017, the Board was informed by Hao Cai Sociedade Unipessoal Limitada (“Hao Cai”), one of the Junket Operators, that Venetian Macau Limited (“VML”) had issued a written notice to Hao Cai on 31 May 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hao Cai and VML in relation to the promotion of casinos of VML with effect from 30 June 2017. Furthermore, on 31 July 2017, the Board was informed by Hou Wan Entertainment Company Limited (“Hou Wan”), one of the Junket Operators, that VML had issued a written notice to Hou Wan on 31 July 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hou Wan and VML in relation to the promotion of casinos of VML, with effect from 30 August 2017.

As at the date of this annual report, the remaining Junket Operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. So far as the directors of the Board (the “Directors”) are aware, and having made reasonable enquiries, the Junket Operator is carrying out its business in the usual and ordinary manner. The Group would continue to monitor closely the performance of the Junket Operator and it is intended to continue to engage in the gaming sector in Macau through the Junket Operator.

Money Lending Business

Resulting from the strong performance in the previous years, the enhanced cash flow provides our Group with an opportunity to commence the money lending business in 2017. With the great effort and effective business decisions made by our management as well as the competitive loan package offered to our customers, the total loan principal lent to our customers for the year ended 30 June 2018 amounted to approximately HK\$263 million, a considerable increase when compared to the that of HK\$65 million for the year ended 30 June 2017. The resulting interest revenue generated for the year ended 30 June 2018 amounted to approximately HK\$15.7 million, a significant advancement when compared to the revenue of HK\$1.1 million generated for the year ended 30 June 2017. It is an encouraging expansion and a great achievement for a newly established segment. Our customers are all renowned for their great creditability and are also effectively managed by our management. Therefore, all of the principal and interest income had been collected in accordance with their corresponding repayment schedules during the year.

With the great financial strength and capability, the Group has both the potential and the ability to further expand its money lending business and deliver a stable and durable returns for our shareholders. Our Group will keep developing the money lending business and continue our effective management on customers.

Hotel Operations Business

In view of the optimistic prospect of the hotel industry in Hong Kong, our Group had stepped into the hotel industry in 2017. The reputation of the hotel, namely Harbour Bay Hotel, and its occupancy rate have been continually increasing under our new management after the acquisition by our Group. Revenue generated from the hotel operations business amounted to approximately HK\$23.5 million for the year ended 30 June 2018, representing a considerable increase of 30% when compared to the revenue generated during the comparable period. The financial position and performance of the hotel had been significantly improved within a short period of time. It does not only demonstrate our Group’s ability to provide immediate positive impact over our investment sectors, but also our promise to look for wise investment opportunities for our Group and shareholders.

The net profits attributable to owners of the Company for the year ended 30 June 2018 was approximately HK\$39.0 million (earnings per share of HK\$0.06), as compared with the net loss attributable to owners of the Company for the year ended 30 June 2017 of approximately HK\$10.2 million (loss per share of HK\$0.01).

Our EBITDA (Note 1) for the year ended 30 June 2018 amounted to approximately HK\$209.5 million as compared with our EBITDA of approximately HK\$149.7 million for the year ended 30 June 2017.

The abovementioned increase in net profit attributable to owners of the Company was the combined result of the following reasons:

- (i) The Group recorded a substantial increase in revenue of approximately HK\$23.3 million contributed by the hotel operations business for the year ended 30 June 2018 as compared with that for the year ended 30 June 2017 of approximately HK\$236,000, which is primarily due to the full-year effect of revenue contributed by the hotel operation business as the completion of the acquisition of the entire equity interest in Harbour Bay Hotels Limited took place on 26 June 2017, upon which it became a wholly owned subsidiary of the Company and its financial results has been consolidated into the consolidated financial statements of the Group.
- (ii) The Group recorded a revenue contributed by money lending business of HK\$15.7 million, which represents a considerable increase in revenue during the year ended 30 June 2018 as compared with that for the year ended 30 June 2017. The substantial increase is mainly attributable to the expansion of the money lending business.
- (iii) The Group recorded the reversal of impairment losses of trade receivables of approximately HK\$42 million for the year ended 30 June 2018 mainly attributable to the settlements made by the trade debtors.
- (iv) The Group recorded the impairment losses of intangible assets of approximately HK\$397.3 million for the year ended 30 June 2017. Such impairment losses of intangible assets were attributable to the receipt of termination notices by the Junket Operators on 31 May 2017 and 31 July 2017 as described above, whereas a reversal of impairment losses of intangible assets of HK\$49.8 million was recorded for the year ended 30 June 2018 upon the renewal of junket representative agreement between the junket operator and the casino operator for a period of 9 months ending 31 January 2019.
- (v) The Group recorded an amortisation of intangible assets of HK\$76.4 million in respect of the Gaming and Entertainment Business for the year ended 30 June 2018 as compared with that of HK\$108.6 million for the previous financial year, which is due to the cessation of profit stream from profit sharing arrangements in the previous financial year.

- (vi) A turnaround from share of loss of an associate of HK\$13,000 for the year ended 30 June 2017 to share of profit of an associate of HK\$7.5 million for the year ended 30 June 2018, which is principally attributable to the full-year effect of share of profit of Ever Praise Enterprises Limited which only became an associated company of the Group in late June 2017.
- (vii) A one-off loss on disposal of an associated company of approximately HK\$62.9 million recorded for the year ended 30 June 2017 whereas there is no disposal of associated company during the year ended 30 June 2018.

The abovementioned positive effects were partly offset by (a) a significant decrease in revenue contributed by the Gaming and Entertainment Business by approximately 69.09% from approximately HK\$295.5 million for the year ended 30 June 2017 to approximately HK\$91.3 million for the year ended 30 June 2018 as a result of the cessation of profit stream from profit sharing arrangements; (b) the tax expenses of HK\$3.5 million incurred for the year ended 30 June 2018; and (c) the absence of a fair value gain on investment properties of approximately HK\$10.4 million recorded for the year ended 30 June 2017.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, income tax, depreciation and amortisation.

FUNDING AND TREASURY POLICY AND FOREIGN EXCHANGE RISK

The Group adopts a prudent funding and treasury policy. All assets and liabilities of the Group were denominated in Hong Kong dollars. The functional currency of the Company and its major subsidiaries is in Hong Kong dollars in which most of their transactions and assets are denominated. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2018, the total number of issued shares of the Company was approximately 692,437,000. There was no change in the capital structure of the Company during the year ended 30 June 2018.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The bank mortgage loan which is used for purchase of our office premise had been repaid in full during the year ended 30 June 2018, resulting nil balance of bank borrowing as at 30 June 2018, compared to the outstanding bank borrowing of approximately HK\$14.0 million as at 30 June 2017. The total bank and cash balance as at 30 June 2018 was approximately HK\$595.6 million as compared to approximately HK\$594.3 million as at 30 June 2017.

The Group had net current assets of approximately HK\$898.2 million (2017: HK\$1,156.4 million) as at 30 June 2018.

The total equity attributable to owners of the Company as at 30 June 2018 amounted to approximately HK\$1,091.0 million (2017: HK\$1,052.0 million). The gearing ratio, calculated on the basis of total debt over total equity attributable to owners of the Company as at 30 June 2018, was nil (2017: 1.33%).

As at 30 June 2018, the total liabilities amounted to approximately HK\$8.3 million (2017: HK\$25.3 million), comprising of current tax liabilities of approximately HK\$3.4 million, deferred tax liabilities of approximately HK\$1.1 million and other payables of approximately HK\$3.8 million.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2018, the Group's previously pledged leasehold land and building in Hong Kong had been released from the bank during the year ended 30 June 2018.

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK\$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the year ended 30 June 2018, there has been no significant progress.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the total number of employees of the Group was 31. The emolument policy regarding the Directors, senior management and other employees of the Group was formulated and will be reviewed by the Remuneration Committee of the Company from time to time. Employees are remunerated according to their qualifications, experience, job nature and performance and under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share option scheme and retirement scheme.

BUSINESS OVERVIEW

As disclosed in the annual report of the Company for the year ended 30 June 2017, the Gaming and Entertainment Business accounted for the majority of the total revenue of the Group. In 2017 and 2018, Macau's gaming industry is enjoying an improvement following a recession in the previous years, especially during 2015 and 2016. According to the monthly statistics published on a monthly basis by the Gaming Inspection and Coordination Bureau, the gaming turnover has been steadily improving and recorded an increase of approximately 19.8% for the year ended 30 June 2018 compared to that for the year ended 30 June 2017. On one hand, taking into account the expected increase in the number of gaming customers due to better transport links upon the completion of Hong Kong-Zhuhai-Macau Bridge and Macau light rail, it is expected that the improvement will continue. On the other hand, the development may be restrained by the economic status of mainland China in light of the recent escalating US-China trade and renminbi weakness, which plays a crucial role in contributing to the performance of

gaming industry in Macau. Although the influx of gaming customers will bring about a development in the Macau gaming industry in the near future, caution must be taken in respect of China's economy, which may affect the return of the Macau gaming industry.

In view of the fluctuating return of the gaming industry in Macau, the Group will continue to monitor the performance of the Gaming and Entertainment Business and at the same time diversify its investments by developing its hotel operations business and money lending business in Hong Kong to maintain a stable and sustainable growth of the Group.

The Group commenced its money lending business in 2017, and considered that diversification into the money lending business will provide another stream of income to maximise returns to the shareholders. In light of the stable demand for loan and the sustainability of the money lending industry in Hong Kong, the Group intends to allocate more resources to develop its money lending business. The Group will also strengthen the risk assessment procedures, which could improve the control of credit risk as well as reinforce the loan portfolio quality. The Board is of the view that the Group has both the potential and ability to further expand its money lending business and deliver a stable and durable return for the shareholders.

In relation to the hotel operations business which was also commenced in 2017, according to statistics from Hong Kong Tourism Board, total overnight visitor arrivals in Hong Kong exceeded 27 million in 2017 with a year-on-year increase of approximately 5.0%. Furthermore, taking into account other positive factors such as the completion of the Hong Kong-Zhuhai-Macau Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail, it is anticipated that there will be an increasing demand for hotel facilities, which will bring about a healthy development for the tourism market in the coming years in Hong Kong.

QUALIFIED OPINION ON THE FINANCIAL STATEMENT OF THE GROUP

The auditor of the Company, RSM Hong Kong, provided a qualified opinion on intangible assets in respect of the junket business, set out below are the supplementary information regarding the aforesaid qualified opinion:

(i) Background of intangible assets in respect of the junket business

Profit Sharing Agreement

The Group entered into a profit sharing agreement ("Profit Sharing Agreement") with Hoi Long Sociedade Unipessoal Limitada ("Hoi Long") during the year ended 30 June 2013. There is no expiry date shown in the profit sharing agreement entered into by the Group. Hoi Long is a company incorporated in Macau.

Junket Representative Agreements – Hoi Long

On 28 April 2017 and 28 May 2018, Hoi Long entered into a renewal and supplementary junket representative agreement with Sociedade de Jogos de Macau, S.A. ("SJM"). The agreements were effective from 28 April 2017 to 28 April 2018 and 28 April 2018 to 31 January 2019, respectively.

The agreement dated 28 April 2017 confirmed that Hoi Long had entered into a junket representative agreement with SJM on 26 April 2012 effective until 28 April 2015. Another two renewal agreements were signed on 27 April 2015 and 29 April 2016 effective until 28 April 2016 and 28 April 2017 respectively

(ii) Consequence of the audit qualification

The qualified opinion for the year ended 30 June 2018 was in relation to the opening balance of the Profit Sharing Agreement and the corresponding amortisation and impairment loss charged during the years ended 30 June 2017 and 30 June 2018. Such qualified opinion does not extend to the carrying amount of the Profit Sharing Agreement of HK\$38,733,000 as at 30 June 2018. As disclosed in the note 20 to financial statements, on 28 May 2018, Hoi Long and SJM renewed the junket representative agreement for a period of approximately nine months from 28 April 2018 to 31 January 2019. In the event that Hoi Long and SJM renew the junket representative agreement during the year ending 30 June 2019, the Company will engage an independent valuer to assess the recoverable amount of the Profit Sharing Agreement. If the recoverable amount of the Profit Sharing Agreement is positive, the Company will reverse the impairment loss in respect of the Profit Sharing Agreement in the amount equivalent to the aforesaid recoverable amount of the Profit Sharing Agreement. RSM Hong Kong had not issued a qualified opinion regarding the carrying amount of the Profit Sharing Agreement of HK\$38,733,000 as at 30 June 2018 and they confirmed they do not foresee the Profit Sharing Agreement would be a major issue for next year audit based on the current facts and circumstances available to them. The directors of the Company believes it is unlikely that the Profit Sharing Agreement would result in any audit qualification for the year ending 30 June 2019 based on the currently available information.

(iii) Potential impact on the Company

Since the Company is uncertain (i) as to whether the carrying amount of the intangible assets relating to the Profit Sharing Agreement of HK\$55,000,000 as at 30 June 2017 was fairly stated in the annual results of the Company for the year ended 30 June 2018; and (ii) as to whether the impairment loss and amortisation of intangible assets of HK\$397,311,000 and HK\$108,636,000 charged for the year ended 30 June 2017 respectively, and the amortisation of the intangible assets of HK\$55,000,000 charged for the year ended 30 June 2018 were accurate, any adjustments found to be necessary in respect of the above would affect the Company's consolidated statement of profit or loss for the year ended 30 June 2018 and the related disclosures thereof in the consolidated financial statements.

(iv) View of the audit committee and management position

A meeting was held on 21 September 2018 by the audit committee of the Company (the "Audit Committee") for the purpose of approving the audited consolidated financial statements of the Company for the year ended 30 June 2018. Having considered the factors as set out in the basis for qualified opinion in the auditors' report, the members of the Audit Committee agreed with the qualified opinion expressed by RSM Hong Kong and the basis of such qualified opinion and the management's position on the carrying amount of the intangible assets in respect of the Profit Sharing Agreement and the impairment loss and amortisation of intangible assets of HK\$397,311,000 and HK\$108,636,000 charged for the year ended 30 June 2017 respectively and the amortisation of the intangible assets of HK\$55,000,000 charged for the year ended 30 June 2018. There is no disagreement between the management's position and the Audit Committee.

FOR THE YEAR ENDED 30 JUNE 2017

FINANCIAL REVIEW

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 (the “Gaming and Entertainment Business”) at respective casino’s VIP rooms in Macau through independent junket operators in Macau (the “Junket Operators”); (ii) the money lending business; and (iii) the hotel operation business.

The Board announced that the audited net profit of the Group for the year ended 30 June 2017 amounted to approximately HK\$39.9 million (2016: net loss of HK\$466.7 million) and the net loss for the year attributable to owners of the Company amounted to approximately HK\$10.2 million (2016: HK\$202.1 million).

Gaming and Entertainment Business

The Group’s gaming revenue increased by approximately 6.03% from approximately HK\$278.7 million for the year ended 30 June 2016 to approximately HK\$295.5 million for the year ended 30 June 2017. The increase was attributable to the increase in revenue contributed by the VIP rooms operated by the Junket Operators at Sands Macau and Grand Lisboa of approximately HK\$42.1 million and HK\$3.3 million, respectively, which was driven by an improving customer patronage and increasing gaming volume. Such increase was partially offset by a decrease in revenue contributed by the VIP rooms operated by the Junket Operator at the Venetian Macau of HK\$28.6 million.

The following is the summary relating to revenue contributed by the VIP junkets rooms for each of the two years ended 30 June 2017.

		For the year ended 30 June		
		2017	2016	
		Revenue	Revenue	Change
		<i>(HK\$ in millions, except percentage and points)</i>		
I)	The Venetian Macau			
	Venetian Neptune GD VIP Club	86.5	115.1	-24.8%
II)	Sands Macau			
	Sands Neptune GD VIP Club	114.6	72.5	58.1%
III)	Grand Lisboa			
	Neptune GD 31 Sky Club	94.4	91.1	3.6%
		<u> </u>	<u> </u>	<u> </u>

On 31 May 2017, the Board was informed by Hao Cai Sociedade Unipessoal Limitada (“Hao Cai”), one of the Junket Operators, that Venetian Macau Limited (“VML”) had issued a written notice to Hao Cai on 31 May 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hao Cai and VML in relation to the promotion of casinos of VML with effect from 30 June 2017. Furthermore, on 31 July 2017, the Board was informed by Hou Wan Entertainment Company Limited (“Hou Wan”), one of the Junket Operators, that VML had issued a written notice to Hou Wan on 31 July 2017 to terminate the gaming promotion agreement dated 30 December 2016 entered into between Hou Wan and VML in relation to the promotion of casinos of VML, with effect from 30 August 2017.

As at the date of this annual report, the remaining Junket Operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. So far as the directors of the Board (the “Directors”) are aware, and having made reasonable enquiries, the Junket Operator is carrying out its business in the usual and ordinary manner. The Group would continue to monitor closely the performance of the Junket Operator and it is intended to continue to engage in the gaming sector in Macau through the Junket Operator.

Money Lending Business

The Group commenced the money lending business during the year ended 30 June 2017. Revenue generated from the money lending business amounted to approximately HK\$1.1 million. It is the intention of the Group to continue with the money lending business.

Hotel Operation Business

On 26 June 2017, the Company completed the acquisition of the entire equity interest in and the shareholder’s loan owed by Harbour Bay Hotels Limited, a company principally engaged in hotel management business, details of which are set out in the circular of the Company dated 29 May 2017 and the announcements of the Company dated 4 May 2017, 26 May 2017 and 26 June 2017. Revenue generated from the hotel operation business amounted to approximately HK\$0.2 million from 26 June 2017 to 30 June 2017. It is the intention of the Group to continue with the hotel operation business.

The net loss attributable to owners of the Company for the year ended 30 June 2017 was approximately HK\$10.2 million (loss per share of HK\$0.01), as compared with the net loss attributable to owner of the Company for the year ended 30 June 2016 of approximately HK\$202.1 million (loss per share of HK\$0.43).

Our EBITDA (Note 1) for the year ended 30 June 2017 amounted to approximately HK\$149.7 million as compared with a negative EBITDA of approximately HK\$260.5 million for the year ended 30 June 2016.

The abovementioned decrease in net loss attributable to owners of the Company was the combined result of the following reasons:

- (i) There was an increase in revenue of approximately HK\$18.1 million due to (a) the increase in gaming revenue of approximately HK\$16.8 million; (b) the interest income contributed by the money lending business of approximately HK\$1.1 millions; and (c) the revenue contributed by the hotel operation business of approximately HK\$0.2 million.
- (ii) There was a gain on bargain purchase of an associate of approximately HK\$4.3 million resulting from the acquisition of 30% of the equity interest in and the shareholder's loan owed by Ever Praise Limited, a company which owns a hotel located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (iii) The Group recorded the reversal of impairment loss of trade receivables of approximately HK\$306.3 million for year ended 30 June 2017 as a result of the subsequent settlement by the trade debtors whereas the Group recorded an impairment loss of trade receivables of approximately HK\$63.0 million for the year ended 30 June 2016.
- (iv) The Group recorded an impairment loss of intangible assets of approximately HK\$397.3 million for the year ended 30 June 2017 as compared with an impairment loss of intangible assets of approximately HK\$450.9 million for the year ended 30 June 2016. Such impairment loss of intangible assets was attributable to the receipt of termination notices by the Junket Operators on 31 May 2017 and 31 July 2017 as described above.
- (v) The Group recorded a gain on fair value change on an investment property of approximately HK\$10.4 million (2016: HK\$0.1 million).
- (vi) The abovementioned positive effects were partly offset by (a) an increase in general and administrative expenses by approximately 17.7% from approximately HK\$11.3 million for the year ended 30 June 2016 to approximately HK\$13.3 million for the year ended 30 June 2017; and (b) the loss on disposal of an associate recorded by the Group of approximately HK\$62.9 million for the year ended 30 June 2017 whereas there was a share of profit on an associate recorded by the Group of approximately HK\$16.7 million for the year ended 30 June 2016.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, income tax, depreciation and amortisation.

MATERIAL ACQUISITIONS AND DISPOSAL OF ASSOCIATES

On 26 June 2017, the Company completed the acquisition of the entire equity interest in and shareholder's loan owed by Harbour Bay Hotels Limited for a consideration of HK\$15,000,000. On the same day, the Company completed the acquisition of the 30% equity interest in and shareholder's loan owed by Ever Praise Enterprises Limited for a consideration of HK\$189,000,000. Details of which is set out in the circular of the Company dated 29 May 2017, and the announcements of the Company dated 26 June 2017, 26 May 2017, and 4 May 2017.

On 23 March 2017, the Group entered into the share transfer agreement in relation to the disposal of its 20% equity interest in Good Omen for a consideration of HK\$10,000,000. Particulars of such disposal are set out in note 21 to the financial statement.

FUNDING AND TREASURY POLICY AND FOREIGN EXCHANGE RISK

The Group adopts a prudent funding and treasury policy. All assets and liabilities of the Group were denominated in Hong Kong dollars. The functional currency of the Company and its major subsidiaries is in Hong Kong dollars in which most of their transactions and assets are denominated. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2017, the total number of issued shares of the Company was approximately 692,437,000. There was no change in the capital structure of the Company during the year ended 30 June 2017.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2017, the Group had outstanding bank borrowing of approximately HK\$14.0 million, a decrease of approximately HK\$2.4 million, compared to the outstanding bank borrowing of approximately HK\$16.4 million as at 30 June 2016. Particulars of the maturity of the bank borrowings are set out in note 27 to the financial statements. The interest rate of such borrowings were at 2.4% as at 30 June 2017. The total cash and bank balance was approximately HK\$594.3 million as compared to approximately HK\$148.6 million as at 30 June 2016.

The Group had net current assets of approximately HK\$1,156.4 million (2016: HK\$747.1 million) as at 30 June 2017.

The total equity attributable to owners of the Company as at 30 June 2017 amounted to approximately HK\$1,052.0 million (2016: HK\$1,062.1 million). The gearing ratio, calculated on the basis of total debt (which represents the outstanding bank borrowing of the Group) over total equity attributable to owners of the Company as at 30 June 2017, was approximately 1.33% (2016: 1.55%).

As at 30 June 2017, the total liabilities amounted to approximately HK\$25.3 million (2016: HK\$27.0 million), comprising of bank borrowing of approximately HK\$14.0 million, deferred tax liabilities of approximately HK\$1.4 million and other payables of approximately HK\$9.9 million.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2017, a leasehold land and building of the Group with carry amount of approximately HK\$69.9 million (2016: an investment property of approximately HK\$60 million) was pledged to secure the Group's bank facilities of approximately HK\$14.0 million (2016: 16.4 million).

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK\$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the year ended 30 June 2017, there has been no significant progress.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the total number of employees of the Group was 98. The emolument policy regarding the Directors, senior management and other employees of the Group was formulated and will be reviewed by the Remuneration Committee of the Company from time to time. Employees are remunerated according to their qualifications, experience, job nature and performance and under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share option scheme and retirement scheme.

BUSINESS OVERVIEW

The operating environment in the gaming market in Macau has been difficult in recent years with consistent decline in its gaming revenue since mid-2014. Nevertheless, according to the monthly statistics published by the Gaming Inspection and Coordination Bureau, the Company is of the view that the gaming market in Macau might have been bottomed out and started to recover. In particular, the monthly gross gaming revenue of the territory has been showing a positive year-on-year growth since August 2015. In August 2017, the gross gaming revenue grew by more than 20.7% to approximately MOP22.7 billion from approximately MOP18.8 billion in August 2016. Despite the recent turnaround, however, in light of the significant downturn recorded in prior years and that the monthly gross gaming revenue recorded in recent months has remained below the corresponding levels in 2014, the overall market sentiment has continued to be conservative as demonstrated by the relatively slow pace of additions of casino complex.

In this connection, the Group would continue to closely monitor the performance of the Junket Operators with whom the Group has allied through the remaining profit sharing agreements.

Looking forward, we are of the view that positive results are achievable in the money lending segment as we have successfully advanced a sum of HK\$65 million to customers and generated stable interest income in this year. Our Group will also continue to expand our hotel-related business. Further, our Group will continue to explore other viable investment opportunities to diversify our revenue stream.

QUALIFIED OPINION ON THE FINANCIAL STATEMENT OF THE GROUP

The auditor of the Company, Zhonghui Anda CPA Limited (“Zhonghui”) provided a qualified opinion on (i) the investment in an associate and loss on disposal of an associate; and (ii) intangible assets in respect of the junket business, set out below are the supplementary information regarding the aforesaid qualified opinion:

Investment in an associate and loss on disposal of an associate

The qualified opinion was related to the investment in Good Omen Enterprises Limited (“Good Omen”), a BVI Company incorporated with limited liability which is principally involved in receiving profit streams from gaming and entertainment related business. Prior to its disposal, it was indirectly owned as to 20% by the Company and 80% by Ms. Lao Sio Meng (“Ms. Lao”) and was accounted for as an associate by the Company.

As disclosed in the annual report of the Group for the year ended 30 June 2016, in September 2015, Good Omen engaged a lawyer to recover outstanding trade receivables owed by the junket promoter. The Group did not take any further actions as it only held 20% interest, a non-controlling interest in Good Omen and the remaining 80% interest is held by Ms. Lao, the sole owner of the junket, and therefore the Group in a very weak position to take actions against junket promoter as both Good Omen and the junket promoter are controlled by Ms. Lao. As such, the Board is of the view that it would be appropriate to dispose of its interest in Good Omen.

On 23 March 2017, the Group entered into the share transfer agreement with Ms. Lao in relation to the disposal (the “Disposal”) of its 20% equity interest in Good Omen for a consideration of HK\$10 million. As all of the applicable ratios in respect of the Disposal were less than 5% at the material time, the Disposal did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Intangible assets in respect of the junket business*(i) Background of intangible assets in respect of the junket business*

Profit Sharing Agreements

The Group entered into respective profit sharing agreements with Hou Wan Entertainment Unipessoal Limitada (“Hou Wan”), Neptune Ouro Sociedade Unipessoal Limitada (“Neptune Ouro”) and Hao Cai Sociedade Unipessoal Limitada (“Hao Cai”) during the year ended 30 June 2009. The Group subsequently entered into another two profit sharing agreements with Lucky Star Entretenimento Unipessoal Limitada and Hoi Long Sociedade Unipessoal Limitada (“Hoi Long”) during the year ended 30 June 2010 and the year ended 30 June 2013, respectively. There is no expiry date shown in the profit sharing agreements entered into by the Group with the above junkets (collectively, the “Profit Sharing Agreements”).

Hou Wan, Neptune Ouro, Hao Cai, Lucky Star and Hoi Long are all companies incorporated in Macau.

Junket Representative Agreement – Hou Wan

On 17 February 2006, Hou Wan entered into a junket representative agreement with Venetian Macau Limited (“Venetian Casino”). The agreement was effective from 1 January 2006 to 31 December 2006. On 11 April 2007, Hou Wan entered into a junket representative agreement with Venetian Casino effective until 31 December 2007. On 5 February 2008, Hou Wan entered into a junket representative agreement with Venetian Casino effective until 31 December 2008. On 1 January 2009, Hou Wan entered a junket representative agreement with Venetian Casino effective until 31 December 2009.

In 2010, Hou Wan entered into a junket representative agreement with Venetian Casino with effective of one year term with a new clause (the “Renewal Clause”) that “At the expiry of the Initial Term, the term of the Agreement shall automatically renew for one year terms, unless either party gives the other party written notice of non-renewal thirty days prior to the expiration of the Initial Term or applicable renewal term”. On 30 December 2016, Hou Wan entered a junket representative agreement with Venetian Casino with the Renewal Clause. The agreement was effective until 31 December 2017. On 31 July 2017, Hou Wan received a notice from Venetian Casino for termination effective on 30 August 2017.

Junket Representative Agreements – Neptune Ouro and Hao Cai

On 31 August 2007, Hao Cai entered into a junket representative agreement with Venetian Casino. The agreement was effective from 31 August 2007 to 31 December 2008. On 5 February 2008, Hao Cai entered into a junket representative agreement with Venetian Casino effective until 31 December 2008.

Subsequently in 2010 and 2011, Hao Cai entered into a junket representative agreement with effect of an one-year term with a new clause that “At the expiry of the Initial Term, the term of the Agreement shall automatically renew for one year terms, unless either party gives the other party written notice of non-renewal thirty days prior to the expiration of the Initial Term or applicable renewal term”. On 31 May 2017, Neptune Ouro and Hao Cai received a notice from Venetian Casino for termination effective on 30 June 2017.

Junket Representative Agreement – Lucky Star

On 23 June 2008, Lucky Star entered into a junket representative agreement with Galaxy Casino, S.A. (“Galaxy Casino”). On 18 June 2015, Lucky Star received a notice from Galaxy Casino for termination with effective on 1 July 2015.

Junket Representative Agreements – Hoi Long

On 28 April 2017, Hoi Long entered into a renewal and supplementary junket representative agreement with Sociedade De Jogos De Macau, S.A. (“SJM”) (the “Hoi Long Agreement”). The agreement was effective from 28 April 2017 to 28 April 2018.

The agreement dated 28 April 2017 confirmed that Hoi Long had entered into a junket representative agreement with SJM on 26 April 2012 effective until 28 April 2015. Another two renewal agreements was signed on 27 April 2015 and 15 February 2016 effective until 28 April 2016 and 28 April 2017 respectively.

All the above profit sharing agreements are collectively referred to as the “Profit Sharing Agreements”. All the above junket representative agreements are collectively referred to as the “Junket Representative Agreements”. The termination arrangements of Hou Wan, Neptune Ouro, Hao Cai and Lucky Star are collectively referred to as the “Termination Arrangements”.

(ii) Reason for the audit qualification

According to Hong Kong Accounting Standard 38 “Intangible Assets”, the useful life shall be assessed by an entity whether is definite or indefinite.

The Company confirmed that no further information could be provided. According to the available information provided by the Company, Zhonghui was unable to reliably assess and conclude the useful life determination of the intangible assets as follows:

- Initial recognition of the intangible assets (useful life is ruled as indefinite)

Zhonghui was unable to conclude whether the useful life of intangible assets is indefinite according to the Profit Sharing Agreements without defined expiry term and the Junket Representative Agreements with defined expiry term.

- 1st reassessment on useful life due to termination of Lucky Star as at 30 June 2016 (change indefinite useful life to remaining 5 to 7 years)

According to Hong Kong Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the accounting effect of error shall be applied retrospectively and the accounting effect of change of estimate shall be recognized prospectively.

Zhonghui would not assess how much of the impact of the change is due to error and how much is due to change in estimate. Zhonghui was unable to justify the effect of the adjustment related to the year ended 30 June 2016, and prior years.

- 2nd reassessment on useful life due to termination of Hou Wan, Neptune Ouro, Hao Cai as at 30 June 2017 (change remaining 4 to 6 years to remaining 0 to 10 months)

Zhonghui would not assess how much of the impact of the change is due to error and how much is due to change in estimate. Zhonghui is unable to justify the effect of the adjustment related to the years ended 30 June 2017, 2016, and prior years.

The impact of the above uncertainties is material to the consolidated financial statements of the Group. Zhonghui therefore qualified the carrying value of intangible assets as at 30 June 2016 and 2017 and the impairment and amortization charged for the years ended 30 June 2016 and 2017.

(iii) *Communication with Crowe Horwath (HK) CPA Limited (“Crowe Horwath”)*

Zhonghui sent a professional clearance letter to Crowe Horwath, previous auditor of the Group, on 18 January 2017 to seek the advice if there are any circumstances surrounding the proposed change of which Zhonghui should be aware of. On 20 January 2017, Crowe Horwath advised that Crowe Horwath were not aware of any professional reason that would preclude Zhonghui from accepting the nomination as auditor of the Group.

In the same clearance letter, Zhonghui sent a professional clearance letter to seek consent from Crowe Horwath in allowing Zhonghui to access Crowe Horwath’s working papers of the Group for the year ended 30 June 2016, and to verify the opening balances of the financial statements of each of the entities of the Group. However, Crowe Horwath did not address such matter in their reply letter.

Further, Crowe Horwath resigned as auditors of the Company on 16 January 2017 whereas the Company was being informed by Hou Wan and Hao Cai about the termination arrangements of Hou Wan, Neptune Ouro and Hao Cai on 31 July 2017 and 31 May 2017, respectively. The information regarding the aforesaid termination arrangements was therefore not available to Crowe Horwath. In view of this, Zhonghui considered it is not necessary to communicate with Crowe Horwath regarding the qualification.

(iv) Company's response to the qualified opinion

As at 30 June 2017, the carrying value of the intangible assets relating to the Hoi Long Agreement (the "Hoi Long Intangible Assets") amount to HK\$55 million and the Hoi Long Agreement shall remain valid until 28 April 2018. The Company would provide the amortisation to the income statement for the year ending 30 June 2018 based on aforesaid remaining useful life and the carrying value. It is the intention of the Group to continue the junket business and it is expected that the Hoi Long Agreement will be renewed upon its expiry.

The Company has explored with Zhonghui in relation to how the qualified opinion in respect of the Hoi Long Intangible Assets can be removed in the coming year, and noted that the current view of Zhonghui is that the qualified opinion can only be removed when either (a) the Hoi Long Agreement is expired, terminated, or extended during the year ending 30 June 2018, or (b) the impact of the uncertainties listed on page 11 under the paragraph "(ii) Reason for audit qualification" become immaterial to the consolidated financial statements of the Group for the year ending 30 June 2018. Set out below is the discussion of these scenarios:-

(a) If the Hoi Long Agreement is expired

If the Hoi Long Agreement is expired and not renewed during the year ending 30 June 2018, the carrying value of the Hoi Long Intangible Assets would become nil as at 30 June 2018. Given Zhonghui has provided qualified opinion on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017, if the amortization charge in respect of the Hoi Long Intangible Assets (which is calculated based on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017) for the year ending 30 June 2018 is material, Zhonghui would consider qualifying such amortization charge for the year ending 30 June 2018. There would be no qualification regarding the carrying value of the Hoi Long Intangible Assets as at 30 June 2018 as such amount would become nil.

(b) If the Hoi Long Agreement is terminated

If the Hoi Long Agreement is terminated during the year ending 30 June 2018, the Company would provide an impairment loss to the income statement and the carrying value of the Hoi Long Intangible Assets would become nil as at 30 June 2018. Given Zhonghui has provided qualified opinion on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017, if the amortization charge (prior to the termination of the Hoi Long Agreement) (which is calculated based on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017) and impairment loss in respect of the Hoi Long Intangible Assets for the year ending 30 June 2018 are material, Zhonghui would consider qualifying the such amortization charge and impairment loss for the year ending 30 June 2018. There would be no qualification regarding the carrying value of the Hoi Long Intangible Assets as at 30 June 2018 as such amount would become nil.

- (c) If the Hoi Long Agreement is extended

If the Hoi Long Agreement is extended with a definite useful life, instead of renewed for a term of one year upon its expiry, during the year ending 30 June 2018, the Company would (aa) recognize the Hoi Long Intangible Assets based on the definite useful life and the valuation of Hoi Long Agreement as at the date of such extension; (bb) provide amortization to the income statement based on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017 (prior to the extension of the Hoi Long Agreement); and (cc) provide amortisation to the income statement based on the Hoi Long Intangible Assets recognized by the Group on the date of the extension of the Hoi Long Agreement (after the extension of the Hoi Long Agreement). Given Zhonghui has provided qualified opinion on the carrying value of the Hoi Long Intangible Assets as at 30 June 2017, if the amortization charge as described in (bb) above for the year ending 30 June 2018 is material, Zhonghui would consider qualifying such amortization charge for the year ending 30 June 2018. Zhonghui would not further qualify the carrying amount of the intangible asset as at 30 June 2018.

- (d) The impact of the uncertainties listed under the paragraph “(ii) Reason for audit qualification” become immaterial to the consolidated financial statements of the Group for the year ending 30 June 2018

If the impact of the uncertainties listed on page 11 under the paragraph “(ii) Reason for audit qualification” become immaterial to the consolidated financial statements of the Group for the year ending 30 June 2018, no qualification would be made by Zhonghui in respect of the Hoi Long Intangible Assets.

As discussed above, it is the intention of the Group to continue the junket business and it is expected that the Hoi Long Agreement will be renewed upon its expiry. Therefore, it is expected the scenarios (a) and (b) as discussed above would not take place for the year ending 30 June 2018.

In order to remove the qualified opinion, the Company has been in discussion with Mr. Tam, the sole owner of Hoi Long and the owner of 80% interest of Essence Gold (a company which is owned as to 20% by the Company and entitled to the profit stream of Hoi Long under Hoi Long Agreement pursuant to the profit sharing agreement entered into among Hoi Long, Essence Gold and Mr. Tam, details of which are set out in the announcement of the Company dated 19 September 2012), to explore the feasibility for the entering into of a new junket representative agreement between Hoi Long and SJM for the extension of the Hoi Long Agreement with a definite useful life. Mr. Tam advised that he will try to discuss with SJM for such extension. It should however be noted that it is uncertain as to whether SJM will be willing to negotiate with Mr. Tam to extend the Hoi Long Agreement with a definite useful life. Save as the aforementioned, there are no further actions which can be taken by the Company.

FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL REVIEW

The Board announced that the audited net loss of the Group for the year ended 30 June 2016 amounted to approximately HK\$466.7 million (2015: loss of HK\$998.6 million).

For the financial year ended 30 June 2016, the Group's gaming revenue fell by 41.2% to approximately HK\$278.7 million. Our revenue was cohesive to the performance of our beleaguered counter parties who confronted head to head competition for Chinese players like all others. Last year, many policies have been implemented that have discernible impact on gaming demand or spending, such as the pressing ahead of the anticorruption drive, slowdown in China economy which has already been buffeted by the global slowdown, government's policy to curb Chinese bank card withdrawal limits per transaction and on daily limits, limitation of visa entry, etc. Slapped by all these government monitoring measures on inordinate capital outflow from China, Macau gaming promoters and concessionaries had experienced overall downfall in revenue for 26 consecutive months commencing from mid of 2014 up to July 2016. It is only until recent months that the overall gross gaming revenue has resumed positive year-on-year annual growth from the low figures recorded in 2015.

The net loss attributable to owners of the Company for the year and loss per share and HK\$0.43 are approximately HK\$202.1 million, or compared with last year's net loss attribute to owner of the Company of approximately HK\$828.0 million or loss per share of HK\$1.79(restated).

The following is the summarised information relating to our VIP junkets rooms activities.

	For the year ended 30 June		
	2016	2015	Change
	<i>(HK\$ in millions)</i>		
I) The Venetian Macau			
Venetian Neptune GD VIP Club	115.1	143.1	-19.6%
II) Sands Macau			
Sands Neptune GD VIP Club	72.5	108.2	-33.0%
III) Grand Lisboa			
Neptune GD 31 Sky Club	91.1	203.4	-55.2%

Our EBITDA (see note 1) was negative for the year ended 30 June 2016 at approximately HK\$260.5 million, showing a reduction of loss of approximately HK\$737.3 million, or 73.9% compared to last year's EBITDA of a loss of approximately HK\$997.8 million.

The reduced loss as mentioned above as compared to last year was the combined result of mainly the following reasons:

- (i) There is a stark decline of almost HK\$200 million in revenue due to the sluggish gaming activities in VIP segment. On positive side, during the year, the Group has recognised interest income derived from three loan agreements with three non-controlling interests for their business use. This produced a short term loan interest income of HK\$6.4 million in addition to the source of other income. However, there was no more other revenue contributed by the compensation from the shortfall in guarantee profit from Essence Gold this year (2015: HK\$2.8 million).
- (ii) The impairment loss of available-for-sale investments this year represented the impairment on the residual value of HK\$39.7 million, compared to the impairment loss of HK\$209.9 million last year.
- (iii) This year, the impairment of trade receivable was HK\$159 million but offset by some reversal adjustments on fair value basis that reduced the current year impairment by HK\$96 million. The fair value adjustment in 2015 was HK\$344.3 million.
- (iv) Also, the negative effect arising from fair value changes on derivative financial instruments, the call options available to the group eligible for further acquisition of 70% interest in Base Move, 80% interest in Essence Gold was largely reduced by 33 million this year with the loss on fair value changes on financial derivative investments recorded as HK\$67,000 this year, compared to a loss of HK\$33.1 million last year. In addition, there was no more impairment on other receivables which amounted to HK\$5.9 million last year.
- (v) This year, the EBITDA was subject to the impact of change in accounting estimate after impairment test on intangible assets when our management have decided it is appropriate to adopt change in the useful life of Group's intangible assets from indefinite to definite term. Overseeing the prolonged difficult business environment in particular to VIP room gaming operation, the swift to mass market looking for tourists and recreational players as well as the uncertainty of the outcome of the renewal of relevant gaming concession contracts by the Macau government were the main reasons for the change of accounting estimate.

After assessment, the directors considered that the useful life of the intangible assets is estimated to be in the range of 5 to 7 years. As such, this has resulted in the amortisation of intangible assets of approximately HK\$205.4 million (2015: Nil), on the other hand, the impairment loss on intangible assets has decreased by HK\$424.3 million to HK\$450.9 million as compare to HK\$875.2 million in 2015.

- (vi) Our spending on general and administrative for this year was approximately HK\$6.1 million close to flat as compared with last year, except that we captured a notional share based transaction related to the share options granted to executive director in mid of this year. The fair value of these options was about HK\$5.2 million.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, tax, depreciation and amortisation.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 30 June 2016 (2015: Nil).

CAPITAL STRUCTURE

Effective on 23 May 2016, ten ordinary shares of the Company were consolidated to one ordinary share. During the year, an open offer of 230,812,225 offer shares at subscription price of HK\$0.42 per each on the basis of one offer share for every two shares was carried out. The open offer became unconditional on 20 June 2016. As at 30 June 2016, the total issued share capital of the Company was HK\$692,436,675 ordinary shares.

Funding and Treasury Policies

The Company adopt a prudent funding and treasury policy.

The Group's borrowings are denominated in Hong Kong dollars.

The Group's borrowings are on a floating rate basis. The Group's cash and bank balances are denominated in Hong Kong dollars.

During the year ended 30 June 2016, the Group did not have any formal hedging policies and no financial instrument was used for hedging purpose.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2016, the Group had outstanding bank borrowing of approximately HK\$16.4 million, a decrease of approximately HK\$2.4 million, compared to the outstanding bank borrowing of approximately HK\$18.8 million as at 30 June 2015. Particulars of the maturity profile of the bank borrowing are set out in note 25 to the financial statements. During the year ended 30 June 2016, the Company was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in Hong Kong dollars. The total cash and bank balance was approximately HK\$148.6 million as compared to approximately HK\$58.2 million as at 30 June 2015.

The Group had net current assets of approximately HK\$746.9 million as at 30 June 2016 (2015: HK\$435.7 million).

The total equity attributable to owners of the Company as at 30 June 2016 amounted to approximately HK\$1,062.1 million (2015: HK\$1,164.9 million). The gearing ratio, calculated on the basis of total debt (which represents the outstanding bank borrowing of the Group) over total equity attributable to owners of the Company as at 30 June 2016, was approximately 1.55% (2015: 1.62%).

As at 30 June 2016, the total liabilities amounted to approximately HK\$27.0 million (2015: HK\$28.8 million), comprising of bank borrowing of approximately HK\$16.4 million and other payables of approximately HK\$10.6 million.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2016, an investment property of the Group with fair value of approximately HK\$60 million (2015: HK\$59.2 million) was pledged to secure the Group's bank facilities of approximately HK\$16.4 million (2015: 18.8 million).

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK\$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the year ended 30 June 2016, there has been no significant progress.

BUSINESS OVERVIEW

After several years of downturn, the gaming market conditions in Macau are generally noted to be improving with its gross gaming revenue not retreating in recent months. We may have reached the bottom of the downward spiral. Despite having been benefited from the booming VIP market for so many years in the past, however, there is no guarantee of a successful rebound or return to our profitability soon. Our table count has suffered as a result of government adjustments to overall allocation to the industry. Operators have been forced to reduce VIP table numbers and we are no exception. Set out below is a capsule summary of present table inventory in our portfolio. Our allocation of the VIP tables is currently as follows: 14 tables in The Venetian, 10 tables in Sands Macao, 13 tables in Galaxy, 8 tables in Grand Lisboa and 10 tables in City of Dreams. This totals to 55 tables, representing a reduction of 7 tables throughout the year.

Delving into the current VIP trends in Macau, the norm has been unfortunate as presented above. Complete closure of VIP rooms happened more frequently. No group is seen immuned to this downturn, including us, and some other rivals of ours are even closing down. Two years ago, ten VIP operators controlled 85% of the market, now just three. New government regulations directed at start up VIP ventures are being interpreted as compliance based. These new regulations and capital needs make new VIP entries problematic that is synonymous as a niche for the existing operators. For now, we see the VIP contribution to yearly gross gaming revenue falling under 50% from a high of almost 80% as recorded in prior years.

Moving forward, as previously mentioned, new strategic planning for the overall Group's operation is taking place. The Company has applied and received permission by Hong Kong regulators to activate a money lending operation. The Group has begun to administer loans. New and experienced staff has been guiding the Company through the startup phase. Initial indicators are positive as the market need for this market niche has been verified. We expect to continue and expand this business as a supplement to lost VIP volumes.

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group (the “Unaudited Pro Forma Financial Information”) has been prepared to illustrate the effect of the proposed acquisition of the 70% equity interest in and the shareholders’ loans owing by Ever Praise Enterprises Limited (the “Acquisition”) might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Enlarged Group for the year ended 30 June 2018 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 30 June 2018 as extracted from the annual report of the Group for the year ended 30 June 2018 and the audited statement of profit and loss and other comprehensive income and statement of cash flows of Ever Praise for the year ended 31 March 2018 as extracted from the accountants’ report set out in Appendix II to this circular as if the Acquisition had been completed on 1 July 2017.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2018 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2018 as extracted from the interim result announcement of the Company for the six months period ended 31 December 2018 and the audited statement of financial position of Ever Praise as at 31 December 2018 as extracted from the accountants’ report set out in Appendix II to this circular as if the Acquisition had been completed on 31 December 2018.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information of the Enlarged Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Enlarged Group that would have been attained had the Acquisition actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the Enlarged Group’s future financial position, results of operation or cash flows.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I, the financial information of Ever Praise as set out in Appendix II and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE YEAR
ENDED 30 JUNE 2018

	The Group for the year ended 30 June 2018 HK\$'000	Ever Praise for the year ended 31 March 2018 HK\$'000	Subtotal HK\$'000	Unaudited pro forma adjustments HK\$'000	Note	Enlarged Group for the year ended 30 June 2018 HK\$'000
Revenue	130,484	6,332	136,816	(4,505)	(1)	132,311
Cost of services provided	(14,938)	–	(14,938)	4,505	(1)	(10,433)
Changes in fair value of investment property	–	20,000	20,000	(15,221)	(12)	4,779
Other income	4,659	1	4,660			4,660
Other gains and losses	(151)	–	(151)			(151)
Amortisation of intangible assets	(78,105)	–	(78,105)	1,700	(11)	(76,405)
Reversal of impairment losses on intangible assets	49,800	–	49,800			49,800
Reversal of impairment losses on trade receivables	41,892	–	41,892			41,892
Administrative expenses	(13,035)	(930)	(13,965)	(1,938)	(2)	(32,961)
				(17,058)	(3)	
Profit from operations	120,606	25,403	146,009			113,492
Finance costs	(208)	–	(208)			(208)
Gain on bargain purchase	–	–	–	9,624	(5)	9,624
Share of profit of an associate	7,532	–	7,532	(7,532)	(4)	–
Profit before tax	127,930	25,403	153,333			122,908
Income tax expense	(3,546)	(133)	(3,679)	(281)	(11)	(3,960)
Profit and total comprehensive income for the year	<u>124,384</u>	<u>25,270</u>	<u>149,654</u>			<u>118,948</u>
Attributable to:						
				(1,938)	(2)	
				(17,058)	(3)	
				(7,532)	(4)	
				9,624	(5)	
				1,419	(11)	
Owners of the Company	39,009	25,270	64,279	(15,221)	(12)	33,573
Non-controlling interests	85,375	–	85,375			85,375
	<u>124,384</u>	<u>25,270</u>	<u>149,654</u>			<u>118,948</u>

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE ENLARGED GROUP AS AT 31 DECEMBER 2018

	The Group as at 31 December 2018 <i>HK\$'000</i>	Ever Praise as at 31 December 2018 <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Pro forma adjustments <i>HK\$'000</i>	Note	Enlarged Group as at 31 December 2018 <i>HK\$'000</i>
ASSETS						
Non-current assets						
Property, plant and equipment	67,732	–	67,732	494,690	(9)	562,422
Investment property	–	650,000	650,000	(494,690)	(9)	155,310
Intangible assets	11,483	–	11,483	(5,950)	(6)(iii)	5,533
Goodwill	2,644	–	2,644			2,644
Investment in an associate	89,501	–	89,501	(89,501)	(4)	–
Financial assets at fair value through profit and loss	50,330	–	50,330			50,330
Loans receivable	140,000	–	140,000			140,000
Deferred tax assets	212	430	642			642
	<u>361,902</u>	<u>650,430</u>	<u>1,012,332</u>			<u>916,881</u>
Current assets						
Trade and other receivables	35,646	–	35,646			35,646
Loans receivable	171,868	–	171,868			171,868
				261,741	(6)(v)	
				(261,741)	(7)	
				(530)	(7)	
Amount due from an associate	112,704	–	112,704	(112,174)	(7)	–
Current tax assets	–	147	147			147
				(1,938)	(2)	
Bank and cash balances	<u>511,861</u>	<u>22,697</u>	<u>534,558</u>	<u>(455,000)</u>	<u>(6)(i)</u>	<u>77,620</u>
	<u>832,079</u>	<u>22,844</u>	<u>854,923</u>			<u>285,281</u>

APPENDIX V

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP

	The Group as at 31 December 2018 HK\$'000	Ever Praise as at 31 December 2018 HK\$'000	Subtotal HK\$'000	Pro forma adjustments HK\$'000	Note	Enlarged Group as at 31 December 2018 HK\$'000
Current liabilities						
Other payables	3,538	495	4,033			4,033
Amounts due to shareholders	–	373,915	373,915	(261,741)	(7)	–
Amount due to a related company	–	530	530	(530)	(7)	–
Current tax liabilities	5,764	–	5,764			5,764
	<u>9,302</u>	<u>374,940</u>	<u>384,242</u>			<u>9,797</u>
Net current assets/(liabilities)	<u>822,777</u>	<u>(352,096)</u>	<u>470,681</u>			<u>275,484</u>
Total assets less current liabilities	<u>1,184,679</u>	<u>298,334</u>	<u>1,483,013</u>			<u>1,192,365</u>
Non-current liabilities						
Deferred tax liabilities	981	–	981	(981)	(10)	–
Net assets	<u>1,183,698</u>	<u>298,334</u>	<u>1,482,032</u>			<u>1,192,365</u>
Capital and reserves						
Share capital	1,171,921	78	1,171,999	(78)	(8)	1,171,921
Reserves	(67,654)	298,256	230,602	(1,938)	(2)	(58,987)
				9,624	(6)	
				(298,256)	(8)	
				981	(10)	
Equity attributable to owners of the Company	<u>1,104,267</u>	<u>298,334</u>	<u>1,402,601</u>			<u>1,112,934</u>
Non-controlling interests	<u>79,431</u>	<u>–</u>	<u>79,431</u>			<u>79,431</u>
Total equity	<u>1,183,698</u>	<u>298,334</u>	<u>1,482,032</u>			<u>1,192,365</u>

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
ENLARGED GROUP FOR THE YEAR ENDED 30 JUNE 2018

	The Group for the year ended 30 June 2018 HK\$'000	Ever Praise for the year ended 31 March 2018 HK\$'000	Subtotal HK\$'000	Unaudited pro forma adjustments HK\$'000	Note	Enlarged Group for the year ended 30 June 2018 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
				(1,938)	(2)	
				(17,058)	(3)	
				(7,532)	(4)	
				9,624	(6)	
				1,700	(11)	
Profit from operations	127,930	25,403	153,333	(15,221)	(12)	122,908
Adjustments for:						
Finance costs	208	–	208			208
Depreciation	3,234	–	3,234	17,058	(3)	20,292
Amortisation of intangible assets	78,105	–	78,105	(1,700)	(11)	76,405
Loss on disposals of property, plant and equipment	62	–	62			62
Share of profit of an associate	(7,532)	–	(7,532)	(7,532)	(4)	–
Bank interest income	(4,622)	(1)	(4,623)			(4,623)
Reversal of impairment losses on trade receivables, net	(41,892)	–	(41,892)			(41,892)
Reversal of impairment losses on intangible assets	(49,800)	–	(49,800)			(49,800)
Impairment loss of other receivables	89	–	89			89
Changes in fair value of investment property	–	(20,000)	(20,000)	15,221	(12)	(4,779)
Gain on bargain purchase	–	–	–	(9,624)	(5)	(9,624)
Operating profits before working capital changes	105,782	5,402	111,184			109,246
Decrease in trade and other receivables	382,692	5	382,697			382,697
Increase in loans receivable	(187,143)	–	(187,143)			(187,143)
Decrease in amounts due from related companies	–	1,485	1,485	(1,485)	(7)	–
Decrease in other payables	(6,119)	(174)	(6,293)			(6,293)
Net cash generated from operating activities	295,212	6,718	301,930			298,507

APPENDIX V

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	The Group for the year ended 30 June 2018 <i>HK\$'000</i>	Ever Praise for the year ended 31 March 2018 <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Unaudited pro forma adjustments <i>HK\$'000</i>	<i>Note</i>	Enlarged Group for the year ended 30 June 2018 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment	(746)	–	(746)			(746)
Acquisition of a subsidiary	–	–	–	(455,000)	(6)(i)	(455,000)
Interest received	4,622	1	4,623			4,623
Repaid to an associate	(1,462)	–	(1,462)	1,462	(7)	–
Net cash generated from/(used) in investing activities	2,414	1	2,415			(451,123)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid to non-controlling interests	(282,078)	–	(282,078)			(282,078)
Issue of shares	–	77	77			77
Decrease in amount due to shareholders	–	(78)	(78)	23	(7)	(55)
Repayment of bank borrowing	(14,009)	–	(14,009)			(14,009)
Interest on bank borrowing	(208)	–	(208)			(208)
Net cash used in financing activities	(296,295)	(1)	(296,296)			(296,273)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
	1,331	6,718	8,049			(448,889)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
	594,302	10,632	604,934			604,934
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank and cash balances						
	595,633	17,350	612,983			156,045

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

- (1) The adjustments represent elimination of intercompany transactions between the Group and Ever Praise for the year ended 30 June 2018.
- (2) The adjustment represents the estimated legal and professional services incurred for the Acquisition, as set out in note (6) below in aggregate of HK\$1,938,000. The adjustment is not expected to have a continuing effect to the Enlarged Group.
- (3) The adjustment represents the depreciation charged for the year ended 30 June 2018 to the separately identifiable portion of the hotel premise in aggregate of HK\$494,690,000 that is held by the Group for the use in the supply of hotel operation services following the Acquisition.
- (4) The adjustments represent the reversal of the share of results of Ever Praise for the year ended 30 June 2018 and the interest in Ever Praise as at 31 December 2018 under equity method of accounting.
- (5) The adjustments represent recognition of gain on bargain purchase as a result of the Acquisition as if the Acquisition had taken place on 1 July 2017. For pro forma purpose, it is assumed that the gain on bargain purchase arising from the Acquisition as at 1 July 2017 approximates that as compare in note 6 below.
- (6) The adjustments represent recognition of gain on bargain purchase as a result of the Acquisition as if the Acquisition had taken place on 31 December 2018. As at 31 December 2018, the Group owned 30% equity interests in Ever Praise. According to the sales and purchases agreement dated 26 February 2019 for the Acquisition, the Group shall acquire the remaining 70% equity interests in Ever Praise. For the purpose of preparing the pro forma consolidated statement of financial position, the gain on bargain purchase for the Acquisition is calculated as if the Group had acquired the remaining equity interests in Ever Praise on 31 December 2018.

Gain on bargain purchase represents the excess of the Group's share of net fair value of Ever Praise's identified assets and liabilities over the sum of consideration transferred. The consideration for the Acquisition will be satisfied by the Group's bank and cash balances of HK\$455,000,000. For the purpose of compiling this unaudited pro forma consolidated statement of financial position, the audited net asset value of Ever Praise as at 31 December 2018 is assumed to be the net fair value of the identifiable assets and liabilities.

Since the net fair value of the assets and liabilities of the Ever Praise as at the completion date of the Acquisition may be different from their fair values used in the preparation of the unaudited pro forma financial information presented above, the actual gain on bargain purchases from the Acquisition, if any, may be different from the estimated amount as presented below.

The gain on bargain purchase arising for the Acquisition is calculated as follow:

	<i>Note</i>	<i>HK\$'000</i>
Consideration for the proposed Acquisition		
– Cash consideration	<i>(i)</i>	455,000
– Fair value of previously held equity interest in Ever Praise	<i>(ii)</i>	89,501
– Settlement of pre-existing lease relationship	<i>(iii)</i>	<u>5,950</u>
		<u>550,451</u>
Carrying amounts of net assets of Ever Praise as at 31 December 2018	<i>(iv)</i>	298,334
Add: Amounts due to shareholders	<i>(v)</i>	<u>261,741</u>
Carrying amounts of adjusted net assets of Ever Praise as at 31 December 2018		<u>560,075</u>
Gain on bargain purchase		<u><u>9,624</u></u>

- (i) The Group intends to satisfy the consideration for the proposed Acquisition by cash.

The adjustments represent the payment of cash consideration of HK\$455,000,000, assuming the cash consideration is settled in full on 31 December 2018. The cash consideration is assumed to be financed by internal resources of the Group.

- (ii) In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in Ever Praise at its acquisition date fair value and recognised the resulting gain or loss in the profit or loss in accordance with HKFRS 3 (Revised) “Business Combinations”. The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination to calculate the gain on bargain purchase. The fair value of the previously held equity interest in Ever Praise has been based on the net asset value of Ever Praise as at 31 December 2018 as disclosed in Appendix II to this circular for the purpose of compiling this unaudited pro forma consolidated statement of financial position.

Since the fair value of the previously held equity interest in Ever Praise as at the completion date of the Acquisition may be different from the fair values used in the preparation of the unaudited pro forma financial information, the actual gain on bargain purchase from the Acquisition, if any, may be different from the estimated amount.

- (iii) The Group acquired Harbour Bay Hotels Limited (“Harbour Bay”) on 26 June 2017 and recognised an intangible asset in respect of the favorable lease terms for the lease of the hotel premise between Harbour Bay and Ever Praise. Upon completion of the Acquisition, the pre-existing lease relationship between the Group and Ever Praise will become an intra-group transaction and will effectively be settled. This is accounted for as a separate transaction from the business combination and accordingly an adjustment of HK\$5,950,000 is made to the consideration in the table above which represents the amount by which the contract is favorable to the Group at the acquisition date.

For the purpose of preparing the pro forma consolidated statement of financial position, the amount of the pre-existing lease relationship is assumed to approximate the carrying amount of the intangible asset for the lease benefit as at 31 December 2018, which represents the cost of lease benefit of HK\$8,500,000 deducted by the accumulated amortization of HK\$2,550,000 as at 31 December 2018. Accordingly no gain or loss arises on settlement of the pre-existing relationship.

Since the fair value of the intangible asset in respect of the favorable lease terms as at the completion date of the Acquisition may differ from its fair value used in the preparation of the unaudited pro forma financial information presented above, the actual gain or loss on the settlement of the pre-existing lease relationship, if any, may be different from the estimated amount. If the actual fair value of the lease benefit is measured to be higher/lower as at completion date of Acquisition, there will be a gain/loss on settlement of pre-existing lease relationship and a corresponding reduction/increase in gain on bargain purchase to be recognised by the Group for the Acquisition.

- (iv) The carrying amounts of net assets value of Ever Praise as at 31 December 2018 are extracted from the accountant’s report set out in Appendix II to this circular.
- (v) According to the sales and purchases agreement dated 26 February 2019 for the Acquisition, the amount owed by Ever Praise to the shareholders in aggregate of approximately HK\$261,741,000 will be assigned to the Group. For the purpose of preparing the pro forma consolidated statement of financial position, it is assumed the Acquisition is completed on 31 December 2018.

- (7) The adjustments represent the elimination of intercompany balances between the Group and Ever Praise as at 31 December 2018.
- (8) The adjustments represent the elimination of owners' equity and reserves of Ever Praise as if the Acquisition had taken place on 31 December 2018.
- (9) The adjustments represent reclassification of the separately identifiable portion of the hotel premise that is held by the Group for the use in the supply of hotel operation services as if the Acquisition had taken place on 31 December 2018.
- (10) The adjustments represent derecognition of deferred tax liabilities as at 31 December 2018 with respect of the lease benefit associated with the operating lease entered into between the Group and Ever Praise, assuming the Acquisition is completed on 31 December 2018.
- (11) The adjustments represent the reversal of amortisation charges of intangible assets with respect of the lease benefit associated with the operating lease entered into between the Group and Ever Praise and related deferred tax credit incurred for the year ended 30 June 2018, as if the Acquisition has been completed on 1 July 2017.
- (12) The adjustments represent the reversal of the changes in fair value of investment property for the year ended 30 June 2018 associated with the separately identified portion of hotel premise currently leased to the Group and that will be used by the Group in the supply of hotel operation services following the Acquisition. This is calculated on a pro-rata basis with reference to the fair values of the separately identified portion of hotel premise currently leased to the Group and the separately identified portion of the hotel premise leased to third parties as at 31 December 2018.

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

27 March 2019

The Board of Directors
Rich Goldman Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Rich Goldman Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2018, the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018, the pro forma consolidated statement of cash flows for the year ended 30 June 2018 and related notes as set out on pages V-1 to V-10 of the circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described Part A to E on page V-1 to V-10.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 70% equity interest in and the shareholders’ loans owing by Ever Praise Enterprises Limited on the Group’s financial position as at 31 December 2018 as if the transaction had been taken place at 31 December 2018, and on the Group’s financial performance and cash flows for the year ended 30 June 2018 as if the transaction had been taken place at 1 July 2017. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s consolidated financial statements as included in the annual report for the year ended 30 June 2018, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the 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 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 July 2017 and 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the 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 pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the 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 pro forma financial information has been properly compiled 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 pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2018 of the real property located in Hong Kong.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

27 March 2019

Rich Goldman Holdings Limited

Room 1807, 18/F
West Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Rich Goldman Holdings Limited (the “Company”) for us to value the real property located in Hong Kong. We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property as at 31 December 2018 (the “valuation date”).

BASIS OF VALUATION

Our valuation of the real property has been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors 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”. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

We have valued the real property by the investment method by capitalising the net rental income of the real property derived from the existing tenancy agreements with due allowance for the reversionary value of the real property.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry and have been provided with extracts of tenancy agreements showing the terms of the tenancies. We have been advised by the Company that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the extracts handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the real property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the real property. In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the real property and no forced sale situation in any manner is assumed in our valuation.

In valuing the real property, we have relied on the advice given by the Company that the owner of the real property has valid and enforceable title to the real property which is freely transferable, and has free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

The real property was inspected by Mr. Andy Lee (MHKIS) in March 2019. We have inspected the real property externally and where possible, the interior of the real property. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made. We are, therefore, unable to report whether the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the real property and any other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the real property but have assumed that the site/floor areas shown on the documents handed to us are correct. Except otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the real property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$) and no allowances have been made for any exchange transfers.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C.H. Cheng
*BSc, MUD, MBA (Finance), MSc (Eng),
PhD (Econ), FAIA, FIPA, SIFM, FCIM, MASCE,
MHKIE, MHKIS, MIET,
MIEEE, MASME, MISE*
Managing Director

Andy K.O. Lee
*BSc, MScSurv, MMgmt. (Financial Mgmt.),
MBA, MHKIS, MRICS
RICS Registered Valuer*
Senior Manager

Notes:

Dr. Tony C.H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 26 years' experience in valuations of real properties in Hong Kong.

Mr. Andy K.O. Lee is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 11 years' experience in valuations of real properties in Hong Kong.

SUMMARY OF VALUE

Real property held for investment in Hong Kong

Real Property	Market Value in existing state as at 31 December 2018 <i>HK\$</i>
Harbour Bay Hotel, Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	<u>650,000,000</u>
Total:	<u><u>650,000,000</u></u>

VALUATION CERTIFICATE

Real property held for investment in Hong Kong

Real Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2018 HK\$
Harbour Bay Hotel, Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	The real property comprises a hotel building known as Harbour Bay Hotel erected on two land parcels with a total site area of approximately 218.2 sq.m.	Please refer to Note Nos. 4, 5, 6 and 7 for details of the tenancy agreements of (i) hotel portion, (ii) Shop No. 1 on G/F, (iii) Shop Nos. 2 and 3 on G/F, and (iv) 4/F respectively.	650,000,000
The whole of Kowloon Inland Lot No. 9914 and The Remaining Portion of Kowloon Inland Lot No. 9942	The hotel building has 20 storeys with a total gross floor area of approximately 2,841.9 sq.m. and 2 flat roofs on 4/F with an ancillary area of approximately 74.23 sq.m. completed in 1998.	The hotel portion of the real property accommodates a total of 76 guestrooms on certain parts of 1/F, 2/F, 3/F and 5/F to 18/F. It also includes the back-of-the-house facilities on the remaining parts of 1/F, 2/F and 3/F.	
	3 retail shops are situated on G/F of the real property.		
	4/F of the real property is designated for lounge and bar purposes.		
	The real property is held under both Conditions of Regrant No. UB9988 and Conditions of Regrant No. UB10171 for a term of 150 years commencing on 25 December 1898. The total Government Rent is HK\$286 per annum.		

Notes:

1. The real property is situated in the central part of Tsim Sha Tsui district of Hong Kong which is within 5 minutes' walking distance to the Tsim Sha Tsui East MTR Station. The immediate locality is a commercial area.
2. The registered owner of the real property is Ever Praise Enterprises Limited vide Memorial No. 16031500050011 dated 30 December 2015.
3. The real property is subject to an Occupation Permit No. K6/98 vide Memorial No. UB7661527 dated 24 March 1998.
4. For the tenancy details of the hotel portion:

Pursuant to a tenancy agreement vide Memorial No. 16062901060035 dated 1 June 2016 entered into between Ever Praise Enterprises Limited and Harbour Bay Hotels Limited, the hotel portion of the real property is leased to Harbour Bay Hotels Limited for a term commencing on 1 May 2015 and expiring on 30 April 2019 at a monthly rent of HK\$495,000 (inclusive of rates, government rent, management fees but exclusive of all outgoings consumed by the tenant) with a rent-free period for a term commencing on 1 May 2015 and expiring on 30 April 2016 with an option to renew for a further term of 3 years, for hotel purpose.

Harbour Bay Hotels Limited is conferred to enjoy the landlord's rights of using the entrances, exits, staircases, landings, passages and lavatories (if any) of the building.

Pursuant to a supplementary deed of lease dated 16 June 2017 entered into between Ever Praise Enterprises Limited and Harbour Bay Hotels Limited, Harbour Bay Hotels Limited exercised the option to renew the aforesaid lease for a term commencing on 1 May 2019 and expiring on 30 April 2022 at a monthly rent of HK\$544,500 (inclusive of rates, government rent, management fees but exclusive of all outgoings consumed by the tenant) for hotel purpose.

5. For the tenancy details of Shop No. 1 on G/F:

Pursuant to a tenancy agreement dated 10 July 2018 entered into between Ever Praise Enterprises Limited and Gold Win (Hong Kong) Limited, Shop No. 1 on G/F of the real property is leased to Gold Win (Hong Kong) Limited for a term commencing on 2 July 2018 and expiring on 1 July 2020 at a monthly rent of HK\$145,000 (inclusive of rates, government rent, management fees but exclusive of the charges for electricity, water and gas) with a rent-free period for a period commencing on 2 July 2018 and expiring on 15 July 2018, for restaurant purpose.

6. For the tenancy details of the Shop Nos. 2 and 3 on G/F:

Pursuant to a tenancy agreement dated 14 February 2019 entered into between Ever Praise Enterprises Limited and Flowery Smiles Holdings Limited, Shop Nos. 2 & 3 on G/F of the real property is leased to Flowery Smiles Holdings Limited for a term commencing on 10 January 2019 and expiring on 9 January 2021 at a monthly rent of HK\$18,000 (inclusive of rates, government rent, management fees but exclusive of other charges for electricity, water and all other outgoings consumed by the tenant) with a rent-free period of 14 days from 10 March 2019 to 23 March 2019 with an option to renew for a further term of 1 year at the prevailing market rent but any increase in rent shall not exceed 25% of HK\$18,000, for florist purpose.

7. For the tenancy details of 4/F:

Pursuant to a tenancy agreement dated 1 July 2018 entered into between Ever Praise Enterprises Limited and Harbour Bay Hotels Limited, 4/F of the real property is leased to Harbour Bay Hotels Limited for a term commencing on 1 July 2018 and expiring on 30 June 2021 at a monthly rent of HK\$10,000 (inclusive of rates, government rent, management fees but exclusive of other charges for electricity, water and gas consumed by the tenant) with a rent-free period for a term commencing on 1 July 2018 and expiring on 31 July 2018, for lounge and bar purposes.

8. As advised, Ever Praise Enterprises Limited is an associate of the Company.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(a) *Interest in shares*

As at the Latest Practicable Date, none of the directors and the chief executive had any interests or short positions in any shares of the Company or any of its associated corporations (within the meaning of part XV of the SFO), which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interest in options

Name of Director	Date of grant	Adjusted exercise price per Share	Exercisable period	Number of underlying Shares held	Approximate percentage of the Company's issued share capital (Note)
Mr. Danny Xuda Huang	1/4/2016	HK\$0.610	1/4/2016 to 31/3/2026	4,178,000	0.60%
Mr. Nicholas J. Niglio	1/4/2016	HK\$0.610	1/4/2016 to 31/3/2026	4,178,000	0.60%
Mr. Lin Chuen Chow, Andy	1/4/2016	HK\$0.610	1/4/2016 to 31/3/2026	4,178,000	0.60%

Note: As at the Latest Practicable Date, the total number of Shares in issue was 692,436,675 Shares.

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial shareholders of the Company

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Interests in the Company

Name	Capacity and nature of interest	Number of Shares Interested		Approximate percentage of the Company's issued share capital <i>(Note 2)</i>
		Long position	Short position	
Mr. Wong Yau Shing	Beneficial owner	108,000,000	–	15.60%
Faith Mount Limited <i>(Note 1)</i>	Beneficial owner	205,125,000	–	29.62%
Ms. Lin Yee Man	Interest of controlled corporation	205,125,000	–	29.62%

Note 1: As at the Latest Practicable Date, Faith Mount Limited was wholly-owned by Ms. Lin Yee Man.

Note 2: As at the Latest Practicable Date, the total number of Shares in issue was 692,436,675 Shares.

(b) Interests in other members of the Group

As at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other person who had, or was deemed to have, interests or short positions in the shares or underlying shares of other members of the Group (except the Company).

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or has, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in any business which competes or is likely to compete or have any other conflict of interest, either directly or indirectly, with the business of the Enlarged Group.

(ii) Interests in contracts or arrangements

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Enlarged Group.

(iii) 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 or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 30 June 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other member of the Group which is not expiring or may not be terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) a loan agreement dated 4 May 2017 entered into between Top Vast Finance Limited (“**Top Vast**”) (a wholly-owned subsidiary of the Company), a co-lender and a customer, pursuant to which Top Vast and the co-lender agreed to jointly lend the loan in the amount of HK\$100,000,000 to the customer at an interest rate of 9% per annum for a term of 12 months;

- (ii) a sale and purchase agreement dated 4 May 2017 (as supplemented by a supplemental agreement dated 26 May 2017) entered into between Top Metro Ventures Limited as purchaser, Take Billion Holdings Limited as vendor and Ms. Cheung Hei Nga Isabella (“**Ms. Cheung**”) as guarantor to the vendor pursuant to which, Top Metro Ventures Limited conditionally agreed to acquire, and Take Billion Holdings Limited conditionally agreed to sell, 30% of the equity interest in and the shareholder’s loan owing by Ever Praise Enterprises Limited, at an aggregate consideration of HK\$189,000,000;
- (iii) a sale and purchase agreement dated 4 May 2017 (as supplemented by a supplemental agreement dated 26 May 2017) entered into between Best Fit Development Limited as purchaser, Harbour Bay Hotels Management Limited as vendor and Mr. Wang Chi Hung and Ms. Cheung as guarantor to the vendor pursuant to which, Best Fit Development Limited conditionally agreed to acquire, and Harbour Bay Hotels Management Limited conditionally agreed to sell, the entire equity interest in and the shareholder’s loan owing by Harbour Bay Hotels Limited, at an aggregate consideration of HK\$15,000,000;
- (iv) a loan agreement dated 19 June 2017 entered into between Top Vast and two customers, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$20,000,000 to the customers at an interest rate of 15% per annum for a term of 24 months;
- (v) a loan agreement dated 1 August 2017 entered into between Top Vast and two customers, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$42,000,000 to the customer at an interest rate of 7% per annum for a term of 12 months;
- (vi) a loan agreement dated 14 December 2017 entered into between Top Vast and a customer, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$60,000,000 to the customer at an interest rate of 7.2% per annum for a term of 24 months;
- (vii) a loan agreement dated 20 December 2017 entered into between Top Vast and a customer, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$62,000,000 to the customer at an interest rate of 7.2% per annum for a term of 24 months;
- (viii) a loan agreement dated 28 December 2017 entered into between Top Vast and a customer, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$50,000,000 to the customer at an interest rate of 8% per annum for a term of 6 months;
- (ix) a loan agreement dated 3 May 2018 entered into between Top Vast and the customer, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$25,000,000 to the customer at an interest rate of 1% per month for a term of 12 months;
- (x) a loan agreement dated 24 August 2018 entered into between Top Vast and a customer, pursuant to which Top Vast agreed to lend the loan in the amount of HK\$140,000,000 to the customer at an interest rate of 5.25% per annum for a term of 24 months;

- (xi) a subscription agreement dated 14 December 2018 entered into between Divine Glory Global Limited (“**Divine Glory**”) and Dol-Fin Select Investment Fund SPC (“**Fund Company**”) in relation to the subscription of the participating, non-redeemable, non-voting share of par value US\$0.01 in the capital of the Fund Company designated as Class B Shares attributable to Dol-Fin Select Investment Fund SP, a segregated portfolio of the Fund Company, by Divine Glory at a total subscription amount of HK\$50,000,000; and
- (xii) the Acquisition Agreement.

6. CLAIMS AND LITIGATION

As at the Latest Practicable Date, 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 was known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinions or advice contained in this circular:

Name	Qualification
RSM Hong Kong	Certified Public Accountants
BMI Appraisals Limited	Independent professional valuer

Each of the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or opinion (as the case may be) and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the above expert did not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above expert did not have any direct or indirect interest in any assets which had been, since 30 June 2018, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Enlarged Group.

Each of (i) the accountants’ report of RSM Hong Kong on the Target Company; (ii) the accountants’ report of RSM Hong Kong on unaudited pro forma financial information of the Enlarged Group; and (iii) the valuation report of BMI Appraisals Limited is given as of the date of this circular for incorporation herein.

8. GENERAL

- (i) The registered office of the Company is situated at Room 1807, 18/F West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (ii) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (iii) The company secretary of the Company is Mr. Cheung Yiu Chung, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (iv) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company situated at Room 1807, 18/F West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from 9:00 a.m. to 5:30 p.m. on any business day from the date of this circular up to and including the date of the EGM:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for the years ended 30 June 2017 and 2018;
- (iii) the accountants' report of the Target Company from RSM Hong Kong as set out in Appendix II to this circular;
- (iv) the report on the unaudited pro forma financial information of the Enlarged Group from RSM Hong Kong as set out in Appendix IV to this circular;
- (v) the valuation report on the Hotel Property issued by BMI Appraisals Limited as set out in Appendix VI to this circular;
- (vi) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (vii) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;
- (viii) circular of the Company dated 8 October 2018; and
- (ix) this circular.

NOTICE OF EGM



金粵控股有限公司 Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Rich Goldman Holdings Limited (the “**Company**”) will be held at 11 a.m. on Wednesday, 17 April 2019 at Meeting Room of Soho 2, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (A) the sale and purchase agreement dated 26 February 2019 entered into among Take Billion Holdings Limited and Million Wealth Worldwide Limited (collectively, the “**Vendors**”), Top Metro Ventures Limited (as purchaser and being a subsidiary of the Company), Mr. Wang Chi Hung and Ms. Cheung Hei Nga Isabella (collectively as guarantors to the Vendors) in relation to the acquisition (the “**Acquisition**”) of 70% of the entire issued shares in and shareholders’ loans owing by Ever Praise Enterprises Limited, which owns the properties located at Nos. 1-3 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong, at an aggregate consideration of HK\$455,000,000 (the “**Acquisition Agreement**”) (a copy of the Acquisition Agreement has been tabled at the Meeting marked “A” and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (B) any one director of the Company (or any two directors of the Company in the case of execution of documents under seal) be and is hereby authorised to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things that are ancillary to the Acquisition, as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Acquisition Agreement and the transactions contemplated thereunder.”

By order of the Board
Rich Goldman Holdings Limited
Danny Xuda Huang
Chairman

Hong Kong, 27 March 2019

NOTICE OF EGM

Registered Office:

Room 1807, 18/F

West Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

Notes:

- (1) A shareholder of the Company 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, to vote on his/her behalf. A proxy need not be a shareholder of the Company but must be present in person at the Meeting to represent the shareholder. If more than one proxy is appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the office of the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case may be).
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) should he/she so wish and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share in the Company as if he/she was solely entitled thereto; but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the name stands first in the register of shareholders of the Company in respect of the joint holding.
- (5) The register of members of the Company will be closed from 12 April 2019 to 17 April 2019 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the Meeting. No transfer of Shares will be registered during this period. Shareholders whose name appears on the register of members of the Company on 17 April 2019 shall be entitled to attend and vote at the Meeting. In order to be eligible to attend and vote at the Meeting, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar and transfer office of the Company Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong., for registration no later than 4:30 p.m. on 11 April 2019.
- (6) As required under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited, all of the above resolution will be voted by way of poll.