THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action you should take, you should consult your licensed securities dealer or registered institution 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 enclosed proxy form to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

金粵控股有限公司
Rich Goldman Holdings Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00070)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF FAST ADVANCE RESOURCES LIMITED

Capitalised terms used on this cover shall have the same meanings as those defined in this Circular, unless the context requires otherwise. A Letter from the Board is set out on pages 5 to 21 of this Circular.

This circular is despatched to the Shareholders for information purpose only, and written Shareholder's approvals have been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

24 September 2021

CONTENTS

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

"Acquisition"	the acquisition of the Sale Shares by the Company from the Vendors pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 18 June 2021 entered into among the Company (as purchaser), the Vendors and the Vendors' Guarantors in relation to the Acquisition
"Board"	the board of the Directors
"Business Day"	any day (excluding Saturdays, Sundays, public holidays 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
"BVI Subsidiary"	Goodpraises Limited (佳頌有限公司), a company incorporated in the BVI and a wholly-owned subsidiary of the Target Company
"Circular"	this circular of the Company dated 24 September 2021 in respect of the Agreement and the transactions contemplated thereunder
"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: 00070)
"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 (vi) which shall be fulfilled as at Completion) or such other date as the Vendors and the Company may agree in writing on which Completion takes place
"Conditions"	the condition(s) precedent to Completion as set out in the section headed "Conditions precedent" in the Letter from the Board of this Circular
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration for the Acquisition

"Deposit"	the deposit of HK$3,711,000, of which HK$1,855,500 has been paid to Vendor A and HK$1,855,500 has been paid to Vendor B under the Agreement, details of which are set out under the section headed "Consideration and payment terms" in the Letter from the Board of this Circular
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group upon Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Subsidiary"	Goodpraises Investment Group Limited (佳頌投資集團有限公司), a company incorporated in Hong Kong and is owned as to 66.7% by the BVI Subsidiary and 33.3% by the Target Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	20 September 2021, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	means 30 September 2021 or such later date as the Vendors and the Company may agree in writing from time to time
"MOU"	the non-legally binding memorandum of understanding dated 22 September 2020 entered into among the Company, the Vendors and the Vendors' Guarantors
"Mr. Wang"	Mr. Wang Chi Hung
"Ms. Chau"	Ms. Chau Lan Yan
"PRC"	the People's Republic of China
"PRC Properties"	the properties which are situated at the north side of Jinyan Road, Pudong New District, Shanghai, the PRC* (中國上海市浦東新區錦延路北側), and have been called as Shanghai Zhang Jiabang Yifei Creativity Street*(上海張家浜逸飛創意街) or Shanghai Jin Xiu Fun* (上海錦繡坊)

"PRC Subsidiary"	Shanghai Jiasong Property Co., Ltd. (上海佳頌物業有限公司), a company established in the PRC and a wholly-owned subsidiary of the HK Subsidiary
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	means, collectively, the Vendor A Sale Shares and the Vendor B Sale Shares, which represent in aggregate 51% of the issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor A"	Power Able International Holdings Ltd., a company incorporated in the BVI with limited liability
"Vendor A Deposit"	has the meaning as ascribed to it under the section headed "Consideration and payment terms" in the Letter from the Board of this Circular
"Vendor A Sale Shares"	51 ordinary shares of the Target Company to be sold by Vendor A to the Company, which constitute 25.5% of the issued and fully paid up shares of the Target Company as at the date of the Agreement and as at Completion
"Vendor B"	Original Praise Investment Development Ltd., a company incorporated in the BVI with limited liability
"Vendor B Deposit"	has the meaning as ascribed to it under the section headed "Consideration and payment terms" in the Letter from the Board of this Circular
"Vendor B Sale Shares"	51 ordinary shares of the Target Company to be sold by Vendor B to the Company, which constitute 25.5% of the issued and fully paid up shares of the Target Company as at the date of the Agreement and as at Completion

"Target Company"	Fast Advance Resources Limited, a company incorporated in the BVI with limited liability
"Target Group"	collectively, the Target Company and its subsidiaries
"Vendors"	means, collectively, Vendor A and Vendor B
"Vendors' Guarantors"	means, collectively, Ms. Chau and Mr. Wang
"Warranties"	the representations, warranties, indemnities and undertakings of the Vendors as set out in the Agreement
"%"	per cent.

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. Lin Chuen Chow Andy *(Chairman)*
Mr. Lam Yick Man

Non-executive Director:
Mr. Nicholas J. Niglio

Independent non-executive Directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Ms. Yeung Hoi Ching

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

24 September 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
51% OF THE ISSUED SHARE CAPITAL OF
FAST ADVANCE RESOURCES LIMITED

INTRODUCTION

Reference is made to the announcement of the Company dated 18 June 2021 in relation to the Acquisition pursuant to the Agreement.

On 18 June 2021 (after trading hours of the Stock Exchange), the Company as purchaser, the Vendors as vendors, and the Vendors' Guarantors as guarantors of the Vendors entered into the Agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares at an aggregate initial consideration of HK$74,220,000.

The purpose of this Circular is to provide you with, among other things, (i) details of the Agreement and the transactions contemplated thereunder; (ii) financial and other information of the Target Group; (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 PRC Properties; and (vi) other information as required under the Listing Rules.

Set out below are the principal terms of the Agreement:

THE AGREEMENT

Date 18 June 2021

Parties

(i) the Company (as purchaser);

(ii) Vendor A and Vendor B (as vendors); and

(iii) Mr. Wang and Ms. Chau (as guarantors of the Vendors)

Vendor A is owned as to 100% by Mr. Wang. Vendor B is owned as to 100% by Ms. Chau. 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 Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and their ultimate beneficial owners (i.e. Mr. Wang and Ms. Chau) are third parties independent of the Company and its connected persons.

Assets to be acquired

The assets to be acquired under the Agreement are the Sale Shares.

The Sale Shares represent 51% of the issued share capital of the Target Company as at the date of the Agreement and at Completion.

The principal asset of the Target Group is the relevant land use rights and building ownership relating to the PRC Properties, details of which are set out in the paragraph headed "Information on the Target Group" below.

Consideration and payment terms

Subject to adjustment, the Consideration of HK$74,220,000 shall be apportioned as follows:

(i) HK$37,110,000 shall be payable to Vendor A in respect of the sale and purchase of the Vendor A Sale Shares; and

(ii) HK$37,110,000 shall be payable to Vendor B in respect of the sale and purchase of the Vendor B Sale Shares.

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

(i) the Deposit in the sum of HK$3,711,000 as deposit and part payment of the Consideration, of which HK$1,855,500 ("**Vendor A Deposit**") shall be payable to Vendor A and HK$1,855,500 ("**Vendor B Deposit**") shall be payable to Vendor B, upon the signing of the Agreement;

(ii) subject to adjustment, the sum of HK$70,509,000, being balance of the Consideration, of which HK$35,254,500 shall be payable to Vendor A and HK$35,254,500 shall be payable to Vendor B, upon Completion; and

(iii) any adjustment to the Consideration as finally determined by the audited accounts of the Target Group made up to the Completion Date, which shall be paid by the Company to the Vendors or by the Vendors to the Company (as the case may be) within fourteen Business Days after such determination, provided that the final Consideration as adjusted shall at all times be capped at the amount of HK$77,220,000. Please refer to the section headed "Adjustment to Consideration" in this Letter from the Board for further details.

The Consideration was determined after arm's length negotiation between the Vendors and the Company primarily based on the following factors as detailed below:

	HK$'000
Market valuation of the PRC Properties (i.e. RMB493,100,000) as at 30 April 2021 as prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited by using income capitalization approach	591,720
Adjusted unaudited consolidated net liabilities of the Target Group (i.e. the unaudited net assets value of the Target Group as at 31 December 2020 of approximately HK$179,543,000 and deducting from it the book value of the PRC Properties of approximately HK$558,524,000)	(378,981)
Estimated costs to be incurred by the Target Group to carry out reinstatement or remedial works on the PRC Properties assessed by an independent construction cost consultant	(24,600)
Reference value	**188,139**
Reference value attributable to 51% equity interests of the Target Group	95,951

As illustrated above, the reference value attributable to 51% equity interests of the Target Group was approximately HK$95,951,000. The unaudited consolidated net asset value attributable to 51% of the Target Group as at 31 December 2020 was approximately HK$91,567,000. The discount represented by the Consideration to the reference value is the result of the arm's length negotiation between the Company and the Vendors, taking into account, among other things, the loss-making position of the Target Group for the year ended 31 December 2020; the uncertainty and prolonged impact of COVID-19 in the PRC; and the existence of the unauthorised alteration that requires reinstatement or remedial works to be carried out by the Target Group in the basement of the eastern area of the PRC Properties with gross floor area of approximately 5,600 sq.m. Such reinstatement or remedial works would be carried out by the Target Group and are expected to commence in June 2023 upon the expiry of most of the existing tenancy agreements of the area concerned. The estimated reinstatement costs of approximately HK$24.6 million as assessed by an independent construction cost consultant was primarily based on the calculation of the amounts of works necessary to reinstate the unauthorised works to the original state after inspection and surveying. For instance, the independent construction cost consultant has considered the (i) labour man-days, (ii) quantity of construction materials, and (iii) machinery required for the reinstatement works, and taken into account the market rates in Shanghai for such works as published by 上海市建築建材業市場管理總站 ("Shanghai Construction Materials Industry Market Administration Master Station"*) and information obtained in the market. The independent construction cost consultant also followed relevant rules and regulations such as 《上海市房屋建築工程養護維修預算定額(2016)》 ("Budget Quota for Maintenance and Repairs of Building Construction Projects in Shanghai (2016)"*) and 《上海市安裝工程預算定額(2016)》("Budget Quota for Installation Works in Shanghai (2016)"*) in performing its assessment. In event that the Target Group is required to take rectification measures by PRC regulatory authority after Completion but prior to June 2023, the Company will procure the Target Group to comply with the directions of the PRC regulatory authority immediately. Nevertheless, a safety appraisal of the PRC Properties has been performed by a government approved housing quality inspection authority in November 2020, and it was concluded that the PRC Properties meet the safety requirements of normal use. It is not expected that there will be any other consequences, material costs or penalties to be incurred by the Target Group from the unauthorised alteration, apart from the reinstatement costs of approximately HK$24.6 million.

Adjustment to Consideration

For the purpose of the determining the adjustment to the Consideration (if any), the following terms are defined as follows:

"**Completion Accounts Net Amount**" = A – B

where:

"A" means the amount of all current assets of the Target Group (excluding any deferred tax assets (if any)) as at the Completion Date

"B" means the amount of all liabilities and provisions (including those for contingent liabilities) of the Target Group (excluding any deferred tax liabilities arising from the surplus of revaluation of the PRC Properties (if any)) as at Completion Date

"**Management Accounts Net Amount**" = C- D

where:

"C" means the amount of all current assets of the Target Group (excluding any deferred tax assets (if any)) as at 31 December 2020

"D" means the amount of all liabilities and provisions (including those for contingent liabilities) of the Target Group (excluding any deferred tax liabilities arising from the surplus of revaluation of the PRC Properties (if any)) as at 31 December 2020

Pursuant to the Agreement, the final Consideration shall be adjusted based on the audited accounts of the Target Group made up to the Completion Date in accordance with the following formulas:

(i) if the Completion Accounts Net Amount is greater than the Management Accounts Net Amount, the final Consideration shall be adjusted upwards by the amount of difference between the Completion Accounts Net Amount and the Management Accounts Net Amount, on a dollar to dollar basis, provided always that final Consideration as adjusted shall at all times be capped at the amount of HK$77,220,000; or

(ii) if the Completion Accounts Net Amount is less than the Management Accounts Net Amount, the final Consideration shall be adjusted downwards by the amount of difference between the Completion Accounts Net Amount and the Management Accounts Net Amount, on a dollar to dollar basis.

Valuation of the PRC Properties

As at 30 April 2021, the market valuation of the PRC Properties amounts to RMB493,100,000 (equivalent to approximately HK$591,720,000) based on the valuation prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer engaged by the Company, by using income capitalization approach. For the purposes of compliance with Rule 5.07 of the Listing Rules, the valuation report of the PRC Properties is updated to the date of 30 June 2021 using the same approach, the text of which is set out in Appendix V to this Circular. As at 30 June 2021, the market valuation of the PRC Properties amounts to RMB492,700,000 (equivalent to approximately HK$591,240,000). The Board understood from the valuer that difference between the market value as at 30 April 2021 and 30 June 2021 was primarily attributable to change in tenancy agreements, influence behind the remaining years of land-use on the income period, and influence of market conditions. The Directors consider that such change in the market value on the PRC Properties was fair and reasonable.

Competence and independence of the valuer

The Board noted that (i) the valuer is an experienced international valuation and advisory firm in Hong Kong with reputable track records; and (ii) the person in charge is a chartered surveyor and has 27 years of experience in valuation of properties in Hong Kong, the PRC and Asia Pacific region.

As disclosed in the section headed "7. Experts and Consents" of Appendix VI to this circular, as at the Latest Practicable Date, the valuer did not have any shareholding, directly or indirectly, in any member of the 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 Group. As at the Latest Practicable Date, the valuer did not have any direct or indirect interest in any assets which had been, since 30 June 2020, the date to which the latest published audited consolidated financial statements of the Enlarged 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. To the best knowledge of the Directors and having made all reasonable enquiries, the valuer is independent from the Group, the Vendors, the Target Group and their respective beneficial owners. Based on the above, the Board considers that the valuer is qualified and competent and is independent in performing the valuation of the PRC Properties.

Valuation methodology

In assessing the fairness and reasonable of valuation, the Board has reviewed the valuation report, and enquired and understood from the valuer the methodology and key assumptions adopted in arriving at the valuation of the PRC Properties. As stated in the valuation report, in valuing the PRC Properties, the valuer has complied with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

The Board noted that direct comparison approach and income capitalisation approach are the two commonly used approaches in property valuation. The valuer has adopted income capitalization approach to value the PRC Properties by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Upon the Board's enquiry, the Board understood from the valuer that income capitalization approach is a more appropriate approach in valuing the PRC Properties where the PRC Properties are used as leasing to generate income. Moreover, the direct comparison approach cannot be adopted or used as a cross check due to the lack of comparables for the market sales of similar properties with similar leasing status. Hence, the Board considers that the adoption of income capitalisation approach is fair and reasonable.

Market Rent Comparables

The Board has reviewed three comparables for the market rent of similar commercial properties (the "**Comparables**") adopted by the valuer for assessing the reasonable market rent of the properties. Having considered that (i) all the Comparables are commercial properties as shops use; (ii) all the Comparables are located in Pudong New District, Shanghai, which is in close proximity to the PRC Properties; (iii) all the transactions are around the valuation date of the valuation report; and (iv) the list of Comparables is exhaustive, the Board considered that the selected Comparables are fair and reasonable.

Comparables	**1**	**2**	**3**
Property Name	A shop at Jinyan Road	A shop at Yingchun Road	A shop at Jinxiu Road
Location description	Jinyan Road, Pudong New District	Yingchun Road, Pudong New District	Jinxiu Road, Pudong New District
	The locality is a residential and commercial area, with a distance of approximately one kilometer to the PRC Properties	The location is served by public transportation and public facilities such as Shanghai Science and Technology Museum, with a distance of approximately two kilometers to the PRC Properties	The locality is a residential and commercial area. It is served by public facilities such as Century Park and Shanghai Science and Technology Museum, with a distance of approximately one kilometer to the PRC Properties
Gross floor area (sq.m.)	300	580	280
Market rent on first floor (RMB per sq.m. per day)	8.5-9.5	9.0-10.0	9.0-10.0

As illustrated above, the market rent of the Comparables falls within a range of RMB8.5 to RMB10 per sq.m. per day. Based on the above, adjustments and analysis are considered by the valuer to the differences in several aspects such as location, physical characteristics and floor between the Comparables and the PRC Properties, the valuer has adopted rent of RMB7.7-9.9 per sq.m. per day on first floor of the PRC Properties under income capitalisation approach.

Capitalisation Rate

In undertaking the valuation, the valuer has considered the location, risks and characteristics of the PRC properties, the valuer has generally adopted a market yield of 5.0% for reversionary income upon expiry of the existing leases of the PRC Properties as the capitalisation rate in the valuation. The Board noted that the stabilized market yield ranged from 4.5%-5.5%, based on the research on commercial market in the surrounding area of the PRC Properties provided by the valuer.

Based on the above and having considered that (i) the qualification, experience and independence of the valuer; (ii) the selection and application of the valuation methodology and the key assumptions are reasonably adopted, the Board is of the view that the valuation on the PRC Properties was carried out by the valuer on a fair and reasonable basis.

Given that (i) the valuation on the PRC Properties was carried out by the valuer on a fair and reasonable basis; (ii) the existence of unauthorised alterations of the PRC Properties which is expected to be rectified by the Target Group, the costs of which have been taken into account in the determination of the Consideration; (iii) the financial position and financial performance of the Target Group has been considered in the determination of the Consideration and the consideration adjustment mechanism allows consideration to be adjusted with reference the financial position as at Completion; (iv) the Consideration represents a discount to both the unaudited consolidated net asset value for 51% of the Target Group as at 31 December 2020 and the reference value for 51% equity interest in the Target Group; and (v) the potential benefits of the Acquisition as stated in the section headed "Reasons for and benefits of the Acquisition" in this Letter from the Board, the Board considers that the Consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Conditions precedent

Completion of the 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 Group or in the condition of the PRC Properties before the Completion;

(ii) the PRC Subsidiary, which is entitled to the land use rights and building ownership of the PRC Properties, having been the undisputed registered sole owner of the Properties legally. 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 PRC Properties or any part thereof or otherwise materially and adversely affecting the PRC Properties or any part thereof;

(iii) the PRC subsidiary not having been required to demolish, repair, reinstate any part of the PRC Properties from any local or government authority, other statutory body or any other party;

(iv) Vendor A's title to the Vendor A Sale Shares being in order and free from all encumbrances;

(v) Vendor B's title to the Vendor B Sale Shares being in order and free from all encumbrances;

(vi) 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 Agreement by the Vendors and/or the Vendors' Guarantors;

(vii) the Vendors having facilitated the Company to undertake a legal, financial and business due diligence investigation in respect of the Target Group and the PRC Properties and the results of such due diligence investigation being reasonably satisfactory to the Company;

(viii) no part of the PRC Properties being destroyed or destructed or seriously damaged so as to render the whole or a substantial part of the PRC Properties being unfit for use or occupation and the improvements on the PRC Properties are structurally sound and in good condition and repair, including but not limited to the heating and cooling system, plumbing, water and electrical system;

(ix) all necessary consents in relation to the transactions contemplated under the Agreement, including without limitation such consents (if required) of any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC or elsewhere which are required for the entering into, execution, delivery and performance of the Agreement and the transactions contemplated thereunder, having been obtained; and

(x) 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 Agreement in accordance with the requirements under the Listing Rules.

The Company as purchaser may in its absolute discretion at any time waive in writing any of the Conditions (other than Conditions (ix) and (x)) or any part thereof on such terms as it may decide. Save as so waived, the Vendors shall use their respective reasonable endeavours to ensure that the Conditions above shall be fulfilled as soon as possible after the execution of the Agreement, and in any event by the Long Stop Date. As at the Latest Practicable Date, Conditions (ii), (iii), (iv), (v), (vii), (viii) and (ix) above have been fulfilled. The Company does not have any intention to waive any of the Conditions under the Agreement. Subject to the fulfilment of all the Conditions, Completion is expected to take place on or before the Long Stop Date.

If the Conditions are not fulfilled (or waived by the Company) on or before the Long Stop Date (other than Condition (vi) 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 (or waived by the Company in writing) notwithstanding that the Vendors have used their respective reasonable endeavours to procure the satisfaction of the Conditions on or before the Long Stop Date, Vendor A and Vendor B shall forthwith on the Long Stop Date repay the full amount of the Vendor A Deposit and the Vendor B Deposit, respectively, paid by the Company to the Vendors under the Agreement without any interest or costs to the Company, following which the Agreement shall terminate without further liability on any party to the Agreement.

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) or if any termination event as stipulated in the Agreement occurs, the Agreement shall be terminated, whereupon (i) Vendor A and Vendor B shall forthwith repay the full amount of the Vendor A Deposit and the Vendor B Deposit, respectively, paid by the Company to the Vendors under the Agreement without any interests or costs to the Company; and (ii) the Company 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 Vendor A Deposit and the Vendor B Deposit as the Company may sustain by reason of such default on the part of the Vendors.

Completion

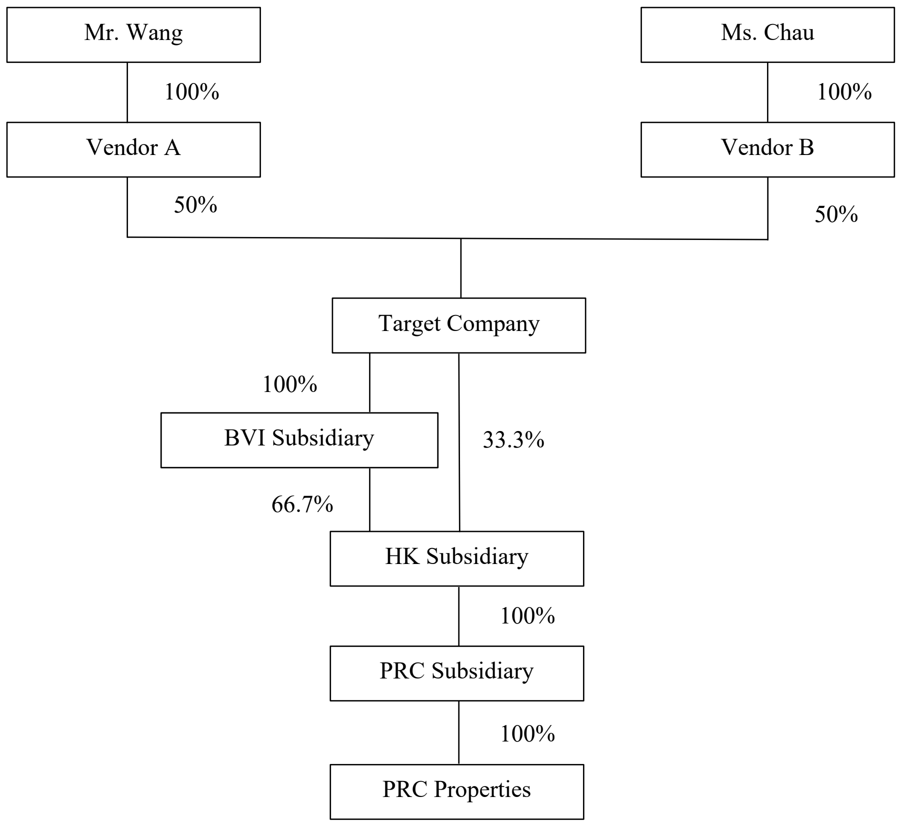
Completion shall take place on the fifth Business Day immediately following the day on which all the Conditions have been satisfied and/or waived (save for the Condition (vi) which shall be fulfilled as at Completion), or such other date as may be agreed by the Vendors and the Company in writing.

Right of First Refusal

If any of the Vendors desires to sell, transfer or otherwise dispose of the whole or any part of its shares in the Target Company to any person, such Vendor shall first notify the Company in writing of its intention to do so and the Company shall have 30 Business Days to exercise its right of first refusal to purchase such shares. If the Company exercises its right of first refusal to purchase any further shares in the Target Company from the Vendors, it will constitute an acquisition of asset pursuant to Rule 14.04(1)(a) of the Listing Rules and the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules as and when appropriate.

INFORMATION ON THE TARGET GROUP

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



The principal asset of the Target Group is the relevant land use rights and building ownership relating to the PRC Properties. The PRC Properties is a 3-storey (including the basement floor) mall located in the north side of Jinyan Road, Pudong New District, Shanghai, the PRC* (中國上海市浦東新區錦延路北側) with a gross floor area of approximately 18,988.25 square metres. As at the Latest Practicable Date, the PRC Subsidiary owned the relevant land use rights and building ownership relating to the PRC Properties. The gross floor area available for lease was approximately 18,444 square metres. The PRC Subsidiary has entered into individual agreements for the leasing of shops and venue spaces to its tenants, with a majority of them being restaurants and education centres. As at 30 June 2021, a total number of 45 business tenants had signed a tenancy agreement in relation to shops and venue spaces tenants of an aggregate gross floor area of approximately 16,736 square metres within the PRC Properties. Accordingly, gross floor area of approximately 1,708 square metres within the PRC Properties was vacant and available for lease as at 30 June 2021. Set out below is the key terms of the tenancy agreements entered into by the PRC Subsidiary and tenants:

Rent	Rent is either fixed or calculated based on the monthly or quarterly turnover of the tenant
Payment of rent	Rent of most tenancies is payable on monthly basis
Rental adjustment	Rates of fixed rent for most tenancies shall increase every one or two years
Term	Ranged from 1 to 13 years
Building management fee	Other than rental payment, building management fee is charged to tenants and calculated based on gross floor area of the tenancy
Other expenses	Expenses such as rates and utilities are borne by the tenant
Termination	Penalties applied to early termination by either party
Permitted use	Can only be used as permitted by the PRC Subsidiary, primarily catering, retail and education uses
Sub-leasing	Sub-leasing is generally not permitted

The Company intends to maintain the existing property leasing business of the Target Group upon Completion. Save for the affected area in relation to the reinstatement or remedial works to be carried out on the PRC Properties, the Target Group intends to renew the leases upon expiry and/or seek for tenants for all vacant shops and venue spaces that are available for leasing.

Set out below is the audited consolidated financial information of the Target Group for the financial years ended 31 December 2019 and 2020 and the three months ended 31 March 2021 as prepared in accordance with Hong Kong Financial Reporting Standards as extracted from the accountants' report on the Target Group contained in Appendix II to this Circular:

	For the year ended 31 December		**For the three months ended 31 March**
	2019	**2020**	**2021**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Revenue	40,217	32,253	10,099
Profit/(loss) before taxation	6,261	(44,367)	2,452
Profit/(loss) after taxation	710	(33,431)	761

The audited consolidated net asset value of the Target Group as at 31 March 2021 was approximately HK$178.68 million.

As at 31 March 2021, the major liabilities of the Target Group mainly comprised the following:

(i) other loans which represented unsecured loans from third parties, which were of fixed interest rate of 8% per annum and repayable on 28 December 2022;

(ii) amount due to shareholders, which was advanced to the Target Group by each of the Vendors, and was unsecured, non-interest bearing and had no fixed repayment terms. Pursuant to the Agreement, each of the Vendors has irrevocably undertaken to the Purchaser not to demand repayment of their respective portion of the amount due to shareholders (whether in whole or in part) for a period of 24 months from the Completion Date. Accordingly, the amount due to shareholders is not expected to be repaid by the Target Company upon Completion; and

(iii) other payables which mainly consisted of provision for reinstatement costs of the unauthorised alteration of the PRC Properties to the original state, and rental deposits received in relation to the business activity of the PRC Subsidiary.

Other loans mentioned above represented unsecured loans from two companies established in the PRC, namely, 深圳市永聯海富投資合夥企業(有限合夥) ("Shenzhen Yong Lian Hai Fu Investment Partnership Enterprise (Limited Partnership)"*) and 深圳市太亞文化傳播有限公司 ("Shenzhen Tai Ya Culture Media Company Limited"*). According to the Target Group, the former company is an investment management company and the latter one is a holding company of a pawn loan company. They were referred to the Target Group by a business partner when the PRC Subsidiary sought for unsecured loans to replace a bank loan with higher interest rate. Each of them is a third party independent of the Vendors, Target Group or the Group.

The Target Group has no intention to repay the other loans upon Completion and prior to the repayment date. Nevertheless, the Company will, upon completion, review the financial position of the Target Group and formulate the long term financial management plan of the Target Group.

During the year ended 31 December 2020, the Target Group recorded revenue of approximately HK$32.25 million which represented the rental income and building management fee income from leasing of shops and venue spaces within the PRC Properties. Revenue decreased by approximately 19.82% as compared to approximately HK$40.22 million recorded for the year ended 31 December 2019, which was mainly due to the decrease in rental income under the COVID-19 pandemic in the PRC for the year ended 31 December 2020. Loss after taxation of approximately HK$33.43 million was recorded by the Target Group for the year ended 31 December 2020, primarily attributable to the decrease in revenue and the fair value loss of the PRC Properties. For the three months ended 31 March 2021, the Target Group recorded revenue of approximately HK$10.10 million, representing an increase of approximately 37.95% as compared to that for the three months ended 31 March 2020, which was mainly due to adverse impact on rental income under COVID-19 pandemic in the PRC during the three months ended 31 March 2020. Profit after taxation of approximately HK$0.76 million was recorded, primarily attributable to the increase in revenue and the fair value gain of the PRC Properties. For more details, please refer to the "Appendix III – MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP" as contained in this Circular.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition is set out in Appendix IV to this Circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this Circular, assuming the Completion had taken place on 31 December 2020, (i) the consolidated total assets of the Enlarged Group would be increased by approximately HK$514.02 million to approximately HK$1,691.05 million; and (ii) the consolidated total liabilities of the Enlarged Group would be increased by approximately HK$413.50 million to approximately HK$416.93 million.

According to the accountants' report on the Target Group as set out in Appendix II to this Circular, the Target Group recorded total comprehensive loss of approximately HK$17.5 million for the year ended 31 December 2020. The Acquisition would lead to a decrease in the Group's earnings as if the Acquisition was completed on 1 July 2019, primarily attributable to the changes in fair value of the PRC Properties.

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 revenue base and earnings in the future.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As the Group's gaming and entertainment business and hotel operations business have been affected from the global pandemic of COVID-19, losses were recorded by the Group for the year ended 30 June 2020 and the six months ended 31 December 2020. The Group has been exploring viable investment opportunities from time to time to diversify its business and broaden its source of revenue to ensure sustainable growth.

The Board considers that the Acquisition provides an opportunity for the Group to enhance its property leasing business and tap into the property market in the PRC. The Board is convinced that the Acquisition is a good investment opportunity for the Group to provide additional and stable revenue stream for the Group.

Further, after taking into account, among others, (i) the fact that the PRC's economy is the only major economy in the world that managed to avoid a contraction during a global pandemic and recorded a growth in gross domestic product in 2020 which is expected to continue to expand in 2021; (ii) the prime location of the PRC Properties, which is in Pudong New District* (浦東新區), a business district with high growth potential in Shanghai, a first tier city in the PRC; and (iii) upon Completion, the Group may consider to utilise its existing expertise and experience in the management of commercial properties for the management of the PRC Properties, which may provide further opportunity for the Group to leverage its expertise for the development of provision of commercial property management services in Hong Kong and the PRC, the Board considers and believes that the Acquisition will not only strengthen the Group's financial position and enhance its revenue stream, but it is also essential for the future development of the Group in the long run.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 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.

As at the Latest Practicable Date, (i) the Company had no intention or plan to acquire the remaining 49% equity interests in the Target Company, (ii) the Company had no intention or plan or had not entered into any form of agreement, arrangement, undertaking or negotiation (whether formal or informal; or express or implied) to acquire any new business or dispose of its existing businesses; and (iii) the Company had no commitment in relation to the Target Group after Completion.

It is expected that the business and operation of Target Group will be managed by the management of the Target Group. Each of Vendor A and Vendor B had not and will not be involved in the business operations of the Target Group. The Group does not envisage any material change in the mode of management of the Target Group and the PRC Properties upon Completion. The Target Group has key management and staff to manage its day-to-day operations. The Group will review the staffing and management requirement of the Target Group and may consider recruiting personnel with relevant expertise and experience if necessary. The Company may also consider to utilise its existing expertise and experience in the management of commercial properties for the management of the PRC Properties upon expiry of the property management agreement between the Target Group and its existing property management company in 31 December 2022. Save for the above, the Group has no other development plan on the Target Group.

The Group's hotel and property leasing business has been managed and overseen by Mr. Lin Chuen Chow Andy, executive Director of the Company. Mr. Lin has extensive qualification and experience in management and has accumulated experience in real estate (in particular, hotel and commercial property) investment and operation. The senior management of the Group's hotel and property leasing business also possessed relevant experience. Since Mr. Lam Yick Man was appointed as executive Director of the Company on 6 July 2021, Mr. Lam has also been involved in the management of the Group's hotel and property leasing business. Mr. Lin and Mr. Lam will oversee the business of the Target Group together with the existing senior management of the Group's hotel operations and property leasing business.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in (i) gaming and entertainment business; (ii) money lending business; (iii) hotel operations business; and (iv) property leasing business.

INFORMATION OF THE VENDORS

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

Vendor B is an investment holding company and is held as to 100% by Ms. Chau as at the Latest Practicable Date.

Each of Mr. Wang and Ms. Chau is a merchant and is independent from each other. Mr. Wang and Ms. Chau acquired the entire equity interests in the Target Company in 2012. Mr. Wang had been a customer of the Group's money lending business. Each of the Target Group and Ms. Chau was introduced to the Company by Mr. Wang.

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 is more than 25% but all of the percentage ratios are less than 100%, the Acquisition constitutes a major acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in and would be required to abstain from voting on the resolution to approve the Acquisition if the Company was to convene a general meeting to approve the same.

The Company has received written Shareholders' approval in respect of the Acquisition from Faith Mount Limited, which held 1,359,187,606 of the issued shares of the Company, representing approximately 70.1% of the total issued shares of the Company as at the date of the Agreement and the Latest Practicable Date, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Acquisition.

RECOMMENDATION

Having taken into account the reasons for and the benefits of the Acquisition as set out in this Letter from the Board above, the Board considers that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Agreement and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

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

By order of the Board
Rich Goldman Holdings Limited
Lam Yick Man
Executive Director

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group (being the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity) for each of the three financial years ended 30 June 2018, 2019 and 2020 and the six months ended 31 December 2020, together with the relevant notes thereto, are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.richgoldman.com.hk):

(i) annual report of the Company for the year ended 30 June 2018 dated 21 September 2018 (pages 52 to 118) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1029/ltn20181029490.pdf;

(ii) annual report of the Company for the year ended 30 June 2019 dated 20 September 2019 (pages 49 to 132) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1018/ltn20191018199.pdf;

(iii) annual report of the Company for the year ended 30 June 2020 dated 30 September 2020 (pages 51 to 114) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1030/2020103000469.pdf; and

(iv) interim report of the Company for the six months ended 31 December 2020 dated 31 March 2021 (pages 12 to 32) which can be accessed via the link at https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0331/2021033101004.pdf.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this Circular, there are unaudited outstanding other loans and accrued interests of HK$233.94 million, lease liabilities of HK$0.74 million and amounts due to shareholders and the ultimate beneficial owner of the Target Group of HK$72.49 million and HK$0.50 million, respectively.

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 July 2021.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the cash flows generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds, 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 confirm that since 30 June 2020, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date, there were no material changes in the financial or trading position of the Group, save and except as disclosed below:

(i) the impacts on the Group's hotel operations business as a result of the significant drop in number of tourists coming to Hong Kong due to the social incidents during second half of 2019 and the travel restrictions imposed by the Hong Kong government to curb the spread of COVID-19 since early 2020;

(ii) the absence of revenue from the Group's gaming and entertainment business for the six months ended 31 December 2020 following the cessation of cooperation with the Group's junket operator in Macau since April 2020. The Group has resumed its gaming and entertainment business on 1 January 2021 following the completion of a joint venture agreement with independent third parties in relation to junket business in the Philippines on 30 December 2020; and

(iii) the expected loss for the financial year ended 30 June 2021 of not less than approximately HK$21 million to be recorded by the Group as compared to the loss for the financial year ended 30 June 2020 amounted to approximately HK$81 million, which was primarily attributable to (a) the decrease in the impairment loss on the properties held by the Group, (b) the absence of amortisation of intangible assets from the Group's gaming and entertainment business, and (c) the decrease in fair value loss of the Group's investment properties. For further details, please refer to the Company's announcement dated 15 September 2021.

5. BUSINESS AND FINANCIAL PROSPECTS OF THE ENLARGED GROUP

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

Gaming business

On 27 April 2020, the Group entered into a conditional joint venture agreement with independent third parties to explore the junket business in the Philippines. On 30 December 2020, all the conditions precedent under the joint venture agreement have been fulfilled and the transaction contemplated under the joint venture agreement has completed. The junket business in the Philippines has been in operation since 1 January 2021.

Money lending business

With strong financial capability and effective management, the Group has both the potential and ability to further expand its money lending business and broaden its customer base with increased loan products and integration of fintech elements. Despite the economic uncertainty in Hong Kong, the Board considers that the money lending market in Hong Kong has good business prospect. It is the Group's intention to further develop the money lending business.

Hotel operations business

In light of the pandemic of Coronavirus, the hotel industry in Hong Kong has been adversely affected due to the drop in number of tourists coming to Hong Kong, which have had adverse impact on the Group's hotel operation business.

Nevertheless, the Directors remain cautiously optimistic on the hotel business in Hong Kong in long run. Upon Completion, the Enlarged Group may leverage its expertise in hotel operations business for the development of provision of commercial property management services in Hong Kong and the PRC.

Property leasing business

The hotel property is mainly used for the hotel operations business of the Group, leaving the shops on the ground floor of the hotel property leased to independent third parties so as to generate another source of income stream for the Group. The Enlarged Group's property leasing business will be considerably enhanced upon Completion.

The following is the text of a report set out on pages II-1 to II-39, 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

24 September 2021

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

Introduction

We report on the historical financial information of Fast Advance Resources Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**"), set out on pages II-4 to II-39, which comprises the consolidated statements of financial position of Target Group as at 31 December 2018, 2019, 2020 and 31 March 2021, the statements of financial position of the Target Company as at 31 December 2018, 2019, 2020 and 31 March 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2018, 2019 and 2020 and the three months ended 31 March 2021 (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-39 forms an integral part of this report, which has been prepared for inclusion in the circular of Rich Goldman Holdings Limited (the "**Company**") dated 24 September 2021 (the "**Circular**") in connection with the proposed acquisition of the 51% of the issued share capital of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of Company and the Target Group 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.

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 the financial position of the Target Company as at 31 December 2018, 2019, 2020 and 31 March 2021, the consolidated financial position of the Target Group as at 31 December 2018, 2019, 2020 and 31 March 2021, and of its consolidated financial performance and consolidated 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 the Target Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2020 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company 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 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* 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 that 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.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the financial statements of the Target Group for the Relevant Period on which the Historical Financial Information is based ("**Underlying Financial Statements**") have been made.

RSM Hong Kong
Certified Public Accountants
Hong Kong, 24 September 2021

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

The Underlying Financial Statements of the Target Group 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.

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December			For the three months ended 31 March	
		2018	2019	2020	2020	2021
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	*9*	41,664	40,217	32,253	7,321	10,099
Property operating expenses		(11,407)	(10,905)	(10,090)	(1,845)	(2,745)
Net property income		30,257	29,312	22,163	5,476	7,354
Other income	*10*	53	83	90	13	16
Changes in fair value of investment properties	*14*	19,312	(3,060)	(47,199)	(22,807)	599
Operating expenses		(1,406)	(1,931)	(936)	(167)	(117)
Administrative expenses		(2,695)	(2,821)	(3,454)	(771)	(1,453)
Profit/(loss) from operations		45,521	21,583	(29,336)	(18,256)	6,399
Finance costs	*11*	(16,066)	(15,322)	(15,031)	(3,706)	(3,947)
Profit/(loss) before tax		29,455	6,261	(44,367)	(21,962)	2,452
Income tax (expense)/credit	*12*	(13,306)	(5,551)	10,936	6,299	(1,691)
Profit/(loss) for the year/period	*13*	16,149	710	(33,431)	(15,663)	761
Other comprehensive income						
Item that may be reclassified to profit or loss:						
Exchange differences on translating foreign operations		(14,313)	(5,087)	15,927	(5,942)	(1,627)
Total comprehensive income for the year/period and attributable to owners of the Target Group		1,836	(4,377)	(17,504)	(21,605)	(866)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2018	2019	2020	2021
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Investment properties	*14*	584,443	570,596	558,524	555,532
Property, plant and equipment	*15*	249	357	534	578
		584,692	570,953	559,058	556,110
Current assets					
Trade receivables	*17*	973	1,817	6,038	5,856
Prepayments and other receivables		398	394	475	484
Bank and cash balances	*18*	27,567	22,142	20,889	25,792
		28,938	24,353	27,402	32,132
Current liabilities					
Other loans	*21*	208,559	–	–	–
Other payables	*19*	27,478	28,481	28,174	28,428
Due to shareholders	*20*	72,447	72,487	72,487	72,485
Due to an ultimate beneficial owner	*20*	500	500	500	500
Current tax liabilities		1,793	1,584	1,463	1,360
		310,777	103,052	102,624	102,773
Net current liabilities		(281,839)	(78,699)	(75,222)	(70,641)
Total assets less current liabilities		302,853	492,254	483,836	485,469
Non-current liabilities					
Other loans	*21*	–	197,452	214,621	217,147
Other payables	*19*	8,136	6,561	8,537	8,716
Deferred tax liabilities	*22*	93,293	91,194	81,135	80,927
		101,429	295,207	304,293	306,790
NET ASSETS		201,424	197,047	179,543	178,679
Capital and reserves					
Share capital	*23*	–	–	–	2
Reserves	*24*	201,424	197,047	179,543	178,677
TOTAL EQUITY		201,424	197,047	179,543	178,679

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December			As at 31 March
		2018	2019	2020	2021
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Investment in subsidiaries	*16*	71,840	71,840	71,840	71,840
Current liabilities					
Due to shareholders	*20*	71,886	71,886	71,886	71,885
Due to subsidiaries	*20*	99	112	131	146
Net current liabilities		(71,985)	(71,998)	(72,017)	(72,031)
NET LIABILITIES		(145)	(158)	(177)	(191)
Capital and reserves					
Share capital	*23*	–	–	–	2
Accumulated losses		(145)	(158)	(177)	(193)
CAPITAL DEFICIENCIES		(145)	(158)	(177)	(191)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Reserves			
	Share capital	**Statutory reserve**	**Foreign currency translation reserve**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 24(b)(i))	*(note 24(b)(ii))*		
At 1 January 2018	–	33,536	11,566	154,486	199,588
Total comprehensive income for the year	–	–	(14,313)	16,149	1,836
Transfer	–	1,802	–	(1,802)	–
At 31 December 2018 and 1 January 2019	–	35,338	(2,747)	168,833	201,424
Total comprehensive income for the year	–	–	(5,087)	710	(4,377)
Transfer	–	87	–	(87)	–
At 31 December 2019 and 1 January 2020	–	35,425	(7,834)	169,456	197,047
Total comprehensive income for the year	–	–	15,927	(33,431)	(17,504)
At 31 December 2020 and 1 January 2021	–	35,425	8,093	136,025	179,543
Issue of shares (note 23)	2	–	–	–	2
Total comprehensive income for the period	–	–	(1,627)	761	(866)
At 31 March 2021	2	35,425	6,466	136,786	178,679
At 1 January 2020	–	35,425	(7,834)	169,456	197,047
Total comprehensive income for the period (unaudited)	–	–	(5,942)	(15,663)	(21,605)
At 31 March 2020 (unaudited)	–	35,425	(13,776)	153,793	175,442

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020	For the three months ended 31 March 2020	For the three months ended 31 March 2021
		HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		29,455	6,261	(44,367)	(21,962)	2,452
Adjustments for:						
Bank interest income	10	(53)	(71)	(44)	(13)	(15)
Changes in fair value of investment properties		(19,312)	3,060	47,199	22,807	(599)
Finance costs	11	16,066	15,322	15,031	3,706	3,947
Depreciation	13	43	75	120	26	53
Operating profit before working capital changes		26,199	24,647	17,939	4,564	5,838
(Increase)/decrease in trade receivables		(545)	(844)	(4,221)	(2,334)	182
(Increase)/decrease in prepayments and other receivables		(20)	4	(81)	82	(9)
(Decrease)/increase in other payables		(953)	(158)	207	(219)	583
Increase/(decrease) in due to shareholders		–	40	–	–	(2)
Cash generated from operations		24,681	23,689	13,844	2,093	6,592
Income taxes paid		(6,066)	(6,106)	(4,486)	(1,527)	(1,470)
Net cash generated from operating activities		18,615	17,583	9,358	566	5,122
CASH FLOWS FROM INVESTING ACTIVITIES						
Bank interest received		53	71	44	13	15
Purchase of properties, plant and equipment		(193)	(189)	(263)	(25)	(102)
Net cash used in investing activities		(140)	(118)	(219)	(12)	(87)

		For the year ended 31 December			For the three months ended 31 March	
		2018	2019	2020	2020	2021
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid	*27*	–	(21,575)	(9,630)	(9,533)	–
Issue of shares	*23*	–	–	–	–	2
Repayment of other loans	*27*	–	(1,092)	(1,608)	(1,592)	–
Net cash (used in)/generated from financing activities		–	(22,667)	(11,238)	(11,125)	2
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		18,475	(5,202)	(2,099)	(10,571)	5,037
Effect of foreign exchange rate changes		(568)	(223)	846	(100)	(134)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		9,660	27,567	22,142	22,142	20,889
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		27,567	22,142	20,889	11,471	25,792
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances	*18*	27,567	22,142	20,889	11,471	25,792

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company 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, BVI. The principal place of business is Room 3602, Level 36, Tower 1, Enterprises Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

In the opinion of the directors of the Target Company, the Target Company is controlled by Mr. Wang Chi Hung and Ms. Chau Lan Yan, who hold equity interests in the Target Company indirectly through Power Able International Holdings Limited, a company incorporated in the BVI, and Original Praise Investment Development Limited, a company incorporated in the BVI, respectively.

The Target Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 16 to the Accountants' Report of the Target Group.

On 18 June 2021, pursuant to an agreement entered into by Power Able International Holdings Limited and Original Praise Investment Development Limited (collectively the "**Vendors**") and Rich Goldman Holdings Limited, a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Purchaser" or the "Company**"), the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to dispose, 51% of the issued share capital of the Target Company, at a consideration of HK$74,220,000. The acquisition is regarded as major transaction of the Purchaser according to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Proposed Major Transaction**").

The Historical Financial Information of the Target Group is presented in HK$, unless otherwise stated.

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 complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Target Company have given careful consideration to the Target Group's liquidity in preparing the Historical Financial Information, in light of the fact that the Target Group's current liabilities exceed its current assets by approximately HK$70,641,000 as at 31 March 2021. The directors of the Target Company have taken into account the fact that the Target Group's liabilities due within one year as at 31 March 2021 mainly comprise of amount due to shareholders of approximately HK$72,485,000. The Target Company's shareholders have agreed that without the prior written consent of the Company, the shareholders of the Target Company shall not demand for immediate repayments of their respective portion for a period of twenty-four months from the date of completion of the acquisition. The directors of the Target Company are therefore of the opinion that the Target Group will have sufficient funding to meet its financial obligations for at least twelve months from 31 March 2021 and accordingly the Historical Financial Information is prepared on a going concern basis.

3. ADOPTION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Group has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2021 throughout the Relevant Period, including HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases".

Application of HKFRS 9, HKFRS 15 and HKFRS 16

HKFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities, and introduces new rules of hedge accounting and a new impairment model for financial assets. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 'Revenue' and HKAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 "Leases" and related interpretations. Under HKAS 17, operating lease commitments are disclosed separately in a note to the Historical Financial Information and are recognised outside of the consolidated statement of financial position. Under HKFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of an asset (being the right-of-use assets) and a financial liability (being the lease liabilities). The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

New and revised HKFRSs in issue but not yet effective

The Target Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 January 2022. These new and revised HKFRSs include the following which may be relevant to the Target Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts - cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Target Group 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, the Target Group has concluded that the adoption of them is unlikely to have a significant impact on the 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 properties 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 the Target Group'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) Consolidation

The Historical Financial Information includes the financial statements of the Target Company and its subsidiaries. Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

In the Target Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each the Target Group's entity 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 HK$. The Target Company's functional currency is United States dollars ("**US$**"). The directors consider that choosing HK$ as the presentation currency best suits the needs of users of the Historical Financial Information.

(ii) Transactions and balances in each entity's 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.

(iii) Translation on consolidation

The results and financial position of all the Target Group's entities that have a functional currency different from the Target Company's presentation currency are translated into the Target Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at each date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the Relevant Periods (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Furniture, fixtures and equipment	3-5 years
Computer equipment	3-5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost including all direct costs attributable to the property.

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

The gain or loss on disposal of investment properties are the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(n).

(e) Operating Leases

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Target Group as a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group entity 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.

The Target Group 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 the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Target Group derecognises financial liabilities when, and only when, the Target Group'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.

(g) 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.

Debt investments

Debt investments held by the Target Group are classified into amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method. Typically trade receivables, other receivables, loans receivable, interest receivables and cash and bank balances are classified in this category.

(h) Trade and other receivables

A receivable is recognised when the Target Group 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 the Target Group 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.

(i) 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**").

(j) 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 the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) 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.

(m) 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 the Target Company are recorded at the proceeds received, net of direct issue costs.

(n) 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 the Target Group 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.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Target Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

(p) Borrowing cost

Borrowing cost are recognised in profit or loss in the period in which they are incurred.

(q) 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. 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 and items that are never taxable or deductible. the Target Group'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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group 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 the Target Group 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

(r) Related parties

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

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

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

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

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

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

(i) The entity and the Target Group 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 the Target Group or an entity related to the Target Group.

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

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

(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.

(s) 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.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. 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.

(t) Impairment of financial assets

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

The Target Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Target Group 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, the Target Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL 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, the Target Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Group 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 the Target Group'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 the Target Group'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; and

– 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, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group 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.

The Target Group 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 are no past due amounts.

The Target Group 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

The Target Group 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 credit terms and conditions by the counterparty; or

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

Irrespective of the above analysis, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group 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;

– 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

The Target Group 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 the Target Group'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 ECL 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 ECL is estimated as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 "Leases".

If the Target Group 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, the Target Group 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.

The Target Group 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.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group 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.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period 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 judgements that have the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of the shareholders at a level sufficient to finance the working capital requirements of the Target Group. Details are explained in note 2 of the Historical Financial Information.

(b) Deferred tax for investment properties

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

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

The carrying amounts of investment properties as at 31 December 2018, 2019, 2020 and 31 March 2021 were approximately HK$584,443,000, HK$570,596,000, HK$558,524,000 and HK$555,532,000, respectively.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the principal operating entities of the Target Group, such as US$ and Renminbi ("**RMB**"). The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Monetary assets and monetary liabilities denominated in US$ have no material foreign currency risk exposure as HK$ is pegged with US$.

(b) 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. The Target Group's credit risk is primarily attributable to its trade receivables and bank and cash balances.

Trade receivables

The Target Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permit the use of lifetime expected loss provision for trade receivables. The Target Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

The following table provides information about the Target Group's exposure to credit risk for trade receivables.

	Gross carrying amount			
	As at 31 December			**As at 31 March**
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current (not past due)	–	–	–	–
1 - 30 days past due	60	278	183	227
31 - 90 days past due	832	1,158	3,814	3,146
91 - 180 days past due	32	333	1,358	1,340
181 - 365 days past due	–	–	331	487
Over 365 days	49	48	352	656
	973	1,817	6,038	5,856

The Target Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which are calculated using a provision matrix. Given the Target Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for ECL is therefore insignificant. No loss allowance provision was recognised during the Relevant Period.

Bank and cash balances

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(c) Liquidity risk

The Target Group'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.

The maturity analysis based on contractual undiscounted cash flows of the Target Group's non-derivative financial liabilities is as follows:

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2018					
Due to shareholders	72,447	–	–	–	72,447
Due to an ultimate beneficial owner	500	–	–	–	500
Other loans	223,872	–	–	–	223,872
Other payables	26,169	3,825	3,798	512	34,304
	322,988	3,825	3,798	512	331,123
At 31 December 2019					
Due to shareholders	72,487	–	–	–	72,487
Due to an ultimate beneficial owner	500	–	–	–	500
Other loans	–	–	242,529	–	242,529
Other payables	27,348	2,249	4,312	–	33,909
	100,335	2,249	246,841	–	349,425
At 31 December 2020					
Due to shareholders	72,487	–	–	–	72,487
Due to an ultimate beneficial owner	500	–	–	–	500
Other loans	–	246,358	–	–	246,358
Other payables	27,487	4,464	3,607	466	36,024
	100,474	250,822	3,607	466	355,369
At 31 March 2021					
Due to shareholders	72,485	–	–	–	72,485
Due to an ultimate beneficial owner	500	–	–	–	500
Other loans	–	244,777	–	–	244,777
Other payables	27,480	2,856	5,397	463	36,196
	100,465	247,633	5,397	463	353,958

(d) Interest rate risk

The Target Group's other loans bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Target Group's cash flow interest rate risk primarily relates to variable-rate bank balances.

The directors of the Target Company consider the Target Group's exposure to interest rate risk on other loans and bank balances are not significant.

The Target Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors of the Target Group monitor their exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

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

	As at 31 December			As at 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets:				
Financial assets measured at amortised cost	28,572	24,029	27,011	31,730
Financial liabilities:				
Financial liabilities at amortised cost	315,810	304,348	323,632	326,328

(f) Fair values

The carrying amounts of the Target Group'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 the Target Group 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.

The Target Group'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 December 2018, 2019, 2020 and 31 March 2021, the fair value measurements of the Target Group's investment properties, being commercial buildings for retail purpose located in the People's Republic of China ("**PRC**"), at fair value are recurring and are determined using level 3 inputs.

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

	Investment properties			
	For the year ended 31 December			For the three months ended 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	595,853	584,443	570,596	558,524
Total gain/(loss) recognised in profit or loss(#)	19,312	(3,060)	(47,199)	599
Exchange difference	(30,722)	(10,787)	35,127	(3,591)
At end of year/period	584,443	570,596	558,524	555,532
(#) Include gains/(losses) for assets held at end of reporting year/period	19,312	(3,060)	(47,199)	599

The total gains or losses recognised in profit and loss including those for assets held at end of reporting period are presented in changes in fair value of investment properties in the statements of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Target Group and valuation techniques and inputs used in fair value measurements at 31 December 2018, 2019, 2020 and 31 March 2021

The Target Company's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are held between the directors of the Target Company at least once a year.

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

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

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value
Investment properties					
– Commercial building for retail purpose located in PRC	Income capitalisation approach	Term yield	31 December 2018: 4.5% - 8% 31 December 2019: 4.5% - 8% 31 December 2020: 4.5% - 8% 31 March 2021: 4.5% - 8%	Decrease	31 December 2018: HK$584,443,000 31 December 2019: HK$570,596,000 31 December 2020: HK$558,524,000 31 March 2021: HK$555,532,000
		Reversionary yield	31 December 2018: 5% 31 December 2019: 5% 31 December 2020: 5% 31 March 2021: 5%	Decrease	
		Daily market rent	31 December 2018: HK$2.76 - HK$11.31 square meter per day 31 December 2019: HK$2.69 - HK$11.14 square meter per day 31 December 2020: HK$3.46 - HK$11.85 square meter per day 31 March 2021: HK$3.45 - HK$11.77 square meter per day	Increase	

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

8. SEGMENT INFORMATION

The Target Group's operating segment is rental operations. Since this is the only operating segment of the Target Group, no further analysis thereof is presented.

The Target Group's operations and operating assets are substantially located in the PRC. Accordingly, no geographical segment information is presented.

For the Relevant Period, no single customer contributes 10% or more of the total sales of the Target Group.

9. REVENUE

An analysis of the Target Group's revenue is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Rental income	36,265	35,086	26,827	5,986	8,592
Building management fee income	5,399	5,131	5,426	1,335	1,507
	41,664	40,217	32,253	7,321	10,099

10. OTHER INCOME

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bank interest income	53	71	44	13	15
Sundry income	–	12	46	–	1
	53	83	90	13	16

11. FINANCE COSTS

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on other loans	16,066	15,322	15,031	3,706	3,947

12. INCOME TAX EXPENSE/(CREDIT)

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax - PRC Enterprise Income Tax ("**EIT**")					
Provision for the year/period	6,359	5,927	4,272	1,067	1,376
Deferred tax (note 22)	6,947	(376)	(15,208)	(7,366)	315
	13,306	5,551	(10,936)	(6,299)	1,691

The tax charge in respect of the Relevant Period represents EIT in the PRC which has been provided at a rate of 25% for the years ended 31 December 2018, 2019, 2020 and the three months ended 31 March 2020 and 2021.

No provision for Hong Kong Profits Tax was made for the years ended 31 December 2018, 2019, 2020 and the three months ended 31 March 2020 and 2021 since the Target Group had no assessable profits for the Relevant Period.

The reconciliation between the income tax expense/(credit) and the product of profit/(loss) before tax multiplied by the EIT rate is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit/(loss) before tax	29,455	6,261	(44,367)	(21,962)	2,452
Tax at the EIT rate of 25%	7,364	1,566	(11,091)	(5,490)	613
Tax effect of expenses not deductible	4,124	3,880	3,850	927	987
Tax effect of unused tax losses not recognised	14	15	12	3	4
PRC dividend withholding tax	1,802	87	(3,708)	(1,739)	87
Effect of different tax rates of subsidiaries	2	3	1	–	–
Income tax expense/(credit)	13,306	5,551	(10,936)	(6,299)	1,691

13. PROFIT/(LOSS) FOR THE YEAR/PERIOD

The Target Group's profit/(loss) for the Relevant Period are stated after charging the following:

	For the year ended 31 December			For the three months ended 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Depreciation on property, plant and equipment	43	75	120	26	53
Employee benefits expense:					
– Salaries, bonuses and allowances	830	998	1,468	374	513
– Retirement benefit scheme contributions	541	534	655	104	225
	1,371	1,532	2,123	478	738

14. INVESTMENT PROPERTIES

	HK$'000
At 1 January 2018	595,853
Change in fair value for the year	19,312
Exchange differences	(30,722)
At 31 December 2018 and 1 January 2019	584,443
Change in fair value for the year	(3,060)
Exchange differences	(10,787)
At 31 December 2019 and 1 January 2020	570,596
Change in fair value for the year	(47,199)
Exchange differences	35,127
At 31 December 2020 and 1 January 2021	558,524
Change in fair value for the period	599
Exchange differences	(3,591)
At 31 March 2021	555,532

Investment properties were revalued at 31 December 2018, 2019, 2020 and 31 March 2021 based on income capitalisation approach by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of chartered surveyors. Under the income capitalisation approach, fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At 1 January 2018	30	135	518	683
Additions	181	12	–	193
Exchange differences	(9)	(7)	(26)	(42)
At 31 December 2018 and 1 January 2019	202	140	492	834
Additions	118	71	–	189
Exchange differences	(5)	(4)	(9)	(18)
At 31 December 2019 and 1 January 2020	315	207	483	1,005
Additions	237	26	–	263
Exchange differences	36	15	32	83
At 31 December 2020 and 1 January 2021	588	248	515	1,351
Additions	96	6	–	102
Exchange differences	(5)	(2)	(3)	(10)
At 31 March 2021	679	252	512	1,443
Accumulated depreciation and impairment				
At 1 January 2018	10	119	443	572
Charge for the year	17	3	23	43
Exchange differences	(1)	(6)	(23)	(30)
At 31 December 2018 and 1 January 2019	26	116	443	585
Charge for the year	62	13	–	75
Exchange differences	(2)	(2)	(8)	(12)
At 31 December 2019 and 1 January 2020	86	127	435	648
Charge for the year	92	28	–	120
Exchange differences	11	10	28	49
At 31 December 2020 and 1 January 2021	189	165	463	817
Charge for the period	45	8	–	53
Exchange differences	(1)	(1)	(3)	(5)
At 31 March 2021	233	172	460	865
Carrying amount				
At 31 December 2018	176	24	49	249
At 31 December 2019	229	80	48	357
At 31 December 2020	399	83	52	534
At 31 March 2021	446	80	52	578

16. PRINCIPAL SUBSIDIARIES

Particulars of the Target Company's principal subsidiaries during the Relevant Period are as follow:

Company name	Place of incorporation/ registration and operations	Issued/ paid-up capital	Percentage of ownership interest/voting power/ profit sharing *Direct*	*Indirect*	Principal activities
Goodpraises Limited	BVI	US$7,435,100	100%	–	Investment holding
Goodpraises Investment Group Limited	Hong Kong	HK$10,000	33.3%	66.7%	Investment holding
Shanghai Jiasong Property Company Limited* (上海佳頌物業有限公司)	PRC	US$10,000,000	–	100%	Property investment and leasing

* *For identification purposes only*

17. TRADE RECEIVABLES

	As at 31 December 2018	2019	2020	As at 31 March 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	973	1,817	6,038	5,856

The Target Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from customers. In addition to the payment of rental deposits, customers are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

No interest is charged on overdue trade receivables. In determining the recoverability of trade receivables, the Target Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

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

	As at 31 December 2018	2019	2020	As at 31 March 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 to 30 days	60	278	183	227
31 to 90 days	832	1,158	3,814	3,146
91 to 180 days	32	333	1,358	1,340
181 to 365 days	–	–	331	487
Over 365 days	49	48	352	656
	973	1,817	6,038	5,856

Included in the Target Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$973,000, HK$1,817,000, HK$6,038,000 and HK$5,856,000 at 31 December 2018, 2019, 2020 and 31 March 2021 respectively, which are past due as at the reporting dates for which the Target Group has not provided for impairment loss. Based on historical experience, the receivables are generally recoverable as supported by on-going settlements from customers. The Target Group holds rental deposits from customers as collateral over these balances.

The carrying amounts of the Target Group's trade receivables are denominated in RMB.

18. BANK AND CASH BALANCES

The carrying amounts of the Target Group's cash and bank balances are denominated in the following currencies:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	514	404	327	820
RMB	27,051	21,736	20,560	24,940
US$	2	2	2	32
	27,567	22,142	20,889	25,792

At 31 December 2018, 2019, 2020 and 31 March 2021, the Target Group's cash and bank balances denominated in RMB amounted to approximately HK$27,051,000, HK$21,736,000, HK$20,560,000 and HK$24,940,000, respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. OTHER PAYABLES

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	1,162	1,149	1,844	2,199
Provision for reinstatement costs	22,369	21,955	23,417	23,267
Receipts in advance	1,310	1,133	687	948
Rental deposits received	10,773	10,805	10,763	10,730
	35,614	35,042	36,711	37,144
Analysed as:				
– Non-current liabilities	8,136	6,561	8,537	8,716
– Current liabilities	27,478	28,481	28,174	28,428
	35,614	35,042	36,711	37,144

Movements on provision for reinstatement costs are as follows:

	As at 31 December			As at 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	23,554	22,369	21,955	23,417
Exchange differences	(1,185)	(414)	1,462	(150)
At 31 December	22,369	21,955	23,417	23,267

The carrying amounts of other payables are denominated in the following currencies:

	As at 31 December			As at 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	17	9	–	540
RMB	35,597	35,033	36,711	36,604
	35,614	35,042	36,711	37,144

20. DUE TO SHAREHOLDERS/AN ULTIMATE BENEFICIAL OWNER/SUBSIDIARIES

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

On 18 June 2021, the Vendors mutually agreed with the Purchaser that without prior written consent of the Purchaser, the Vendors shall not demand repayment of their respective portion of the amounts due to shareholders, whether in whole or in part, for a period of 24 months from the date of completion of the Proposed Major Transaction.

21. OTHER LOANS

	As at 31 December			As at 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unsecured loans from third parties	208,559	197,452	214,621	217,147
Analysed as:				
– Non-current liabilities	–	197,452	214,621	217,147
– Current liabilities	208,559	–	–	–
	208,559	197,452	214,621	217,147

The borrowings are repayable as follows:

	As at 31 December			As at 31 March
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	208,559	–	–	–
More than one year, but not more than two years	–	–	214,621	217,147
More than two years, but not more than five years	–	197,452	–	–
More than five years	–	–	–	–
	208,559	197,452	214,621	217,147
Portion of other loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	–	–	–	–
	208,559	197,452	214,621	217,147
Less: Amount due for settlement within 12 months (shown under current liabilities)	(208,559)	–	–	–
Amount due for settlement after 12 months	–	197,452	214,621	217,147

The carrying amounts of the Target Group's other loans are denominated in RMB.

The fair value of the other loans approximates their carrying amount as at end of each of the Relevant Period as the impact of discounting is not significant. The effective interest rate of the other loans is 7.42% during the Relevant Period.

22. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised by the Target Group.

	Investment properties	**Undistributed profits of a PRC subsidiary**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2018	71,752	19,453	91,205
Charge to profit or loss for the year *(note 12)*	5,145	1,802	6,947
Exchange differences	(3,810)	(1,049)	(4,859)
At 31 December 2018 and 1 January 2019	73,087	20,206	93,293
(Credit)/charge to profit or loss for the year *(note 12)*	(463)	87	(376)
Exchange differences	(1,347)	(376)	(1,723)
At 31 December 2019 and 1 January 2020	71,277	19,917	91,194
Credit to profit or loss for the year *(note 12)*	(11,500)	(3,708)	(15,208)
Exchange differences	4,049	1,100	5,149
At 31 December 2020 and 1 January 2021	63,826	17,309	81,135
Charge to profit or loss for the period *(note 12)*	228	87	315
Exchange differences	(412)	(111)	(523)
At 31 March 2021	63,642	17,285	80,927

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008.

23. SHARE CAPITAL

	Number of shares	**Amount**	
		US$	*HK$*
Authorised:			
Ordinary shares of US$1 each	50,000	50,000	390,000
Issued and fully paid:			
At 1 January 2018, 31 December 2018, 1 January 2019, 31 December 2019, 1 January 2020, 31 December 2020 and 1 January 2021	2	2	16
Issue of shares *(note)*	198	198	1,544
At 31 March 2021	200	200	1,560

Note: On 23 March 2021, the Target Company issued 198 ordinary shares of US$1 each to shareholders of the Target Company in cash at a price of US$1 each.

The Target Company's objectives when managing capital are to safeguard the Target Company'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.

The Target Company currently does not have any specific policies and processes for managing capital.

The Target Company is not subject to any externally imposed capital requirements.

24. RESERVES

(a) Group

The amount of the Target Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the subsidiary incorporated in the PRC now comprising the Target Group, it is required to appropriate 10% of the annual net profits of the PRC subsidiary, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing any net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC subsidiary, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory reserve fund after such issue is no less than 25% of registered capital.

(ii) Foreign currency transaction reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b)(iii) to the Historical Financial Information.

25. LEASE COMMITMENTS

Operating leases relate to investment properties owned by the Target Group with lease terms of one to thirteen years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on lease are as follows:

				As at
		As at 31 December		**31 March**
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within the first year	32,100	26,538	30,342	31,029
In the second year	20,664	16,548	27,280	25,759
In the third year	9,288	11,917	17,459	14,619
In the fourth year	6,074	5,353	7,528	7,552
In the fifth year	5,454	146	2,962	2,874
After five years	149	–	626	249
Total	73,729	60,502	86,197	82,082

26. RELATED PARTY TRANSACTIONS

Excepted for those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Group had no other transactions with its related parties during the Relevant Period.

27. NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Group'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 Target Group's statements of cash flows as cash flows from financing activities.

	At 1 January 2018	Interest expense	Cash outflow	Exchange differences	At 31 December 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans	203,347	16,066	–	(10,854)	208,559

	At 1 January 2019	Interest expense	Cash outflow	Exchange differences	At 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans	208,559	15,322	(22,667)	(3,762)	197,452

	At 1 January 2020	Interest expense	Cash outflow	Exchange differences	At 31 December 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans	197,452	15,031	(11,238)	13,376	214,621

	At 1 January 2021	Interest expense	Cash outflow	Exchange differences	At 31 March 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans	214,621	3,947	–	(1,421)	217,147

(Unaudited)	At 1 January 2020	Interest expense	Cash outflow	Exchange differences	At 31 March 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other loans	197,452	3,706	(11,125)	(4,429)	185,604

28. SIGNIFICANT SUBSEQUENT EVENTS

Other than those as disclosed elsewhere in the Historical Financial Information, no significant subsequent events undertaken by the Target Group after 31 March 2021.

*Set out below is the management discussion and analysis of the Target Group for the three years ended 31 December 2018 (the "**FY2018**"), 2019 (the "**FY2019**") and 2020 (the "**FY2020**") and the three months ended 31 March 2021 (collectively, the "**Relevant Period**"), for the purpose of this Appendix only.*

Business and financial review

During FY2020, the Target Group recorded revenue of approximately HK$32.25 million which represented the rental income and building management fee income from leasing of shops and venue spaces within the PRC Properties. Revenue for FY2020 decreased by approximately 19.82% as compared to approximately HK$40.22 million recorded for FY2019, which was mainly due to the decrease in rental income under the COVID-19 pandemic in the PRC in FY2020. As compared to FY2018, revenue for FY2019 decreased slightly by approximately 3.46% to approximately HK$40.22 million from approximately HK$41.66 million, which was mainly due to a slight decrease in rental income in FY2019. For the three months ended 31 March 2021, the Target Group recorded revenue of approximately HK$10.10 million, representing an increase of approximately 37.95% as compared to that for the three months ended 31 March 2020, which was mainly due to adverse impact on rental income under COVID-19 pandemic in the PRC during the three months ended 31 March 2020.

Property operating expenses primarily include management fees paid to the property management company engaged by the Target Group, which was relatively steady during the Relevant Period.

During the Relevant Period, administrative expenses incurred by the Target Group mainly represented staff costs. The administrative expenses increased from approximately HK$2.70 million for FY2018 to approximately HK$2.82 million for FY2019, and further increased to approximately HK$3.45 million for FY 2020. Such increase was mainly due to increase in staff salaries and benefits. The administrative expenses increased from approximately HK$0.77 million for the three months ended 31 March 2020 to approximately HK$1.45 million for the three months ended 31 March 2021 was primarily attributable to increase in staff salaries and benefits and repairs and maintenance. On the other hand, the operating expenses incurred by the Target Group mainly represented advertising expenses and services charges. The operating expenses increased from approximately HK$1.41 million for FY2018 to approximately HK$1.93 million for FY2019 mainly due to increase in the advertising expenses incurred. Nevertheless, the operating expenses decreased to approximately HK$0.94 million for FY2020 mainly because of the cost control on advertising expenses due to prevailing market condition. The operating expenses decreased slightly from approximately HK$0.17 million for the three months ended 31 March 2020 to approximately HK$0.12 million for the three months ended 31 March 2021.

The Target Group recorded a valuation gain, valuation loss, valuation loss and valuation gain on the PRC Properties of approximately HK$19.31 million, HK$3.06 million, HK$47.20 million and HK$0.60 million for FY2018, FY2019 and FY2020 and the three months ended 31 March 2021, respectively.

Finance costs incurred by the Target Group represented the interest on the other loans. The effective interest rate of the other loans was 7.42% during the Relevant Period.

As a result of the foregoing, the Target Group recorded a profit of approximately HK$16.15 million and HK$0.71 million for FY2018 and FY2019, respectively; a loss of approximately HK$33.43 million for FY2020; and a profit of approximately HK$0.76 million for the three months ended 31 March 2021.

Capital structure, liquidity and financial resources

During the Relevant Period, there was no change in the capital structure of the Target Group. The Target Group mainly financed its operations by cash flow from its operation (i.e. rental income generated from the leasing of shops and venue spaces within the PRC Properties).

As at 31 December 2018, 2019 and 2020 and 31 March 2021, the Target Group's assets mainly comprise of investment properties (i.e. the PRC Properties) which was non-current in nature, while the liabilities mainly comprise of (i) other loans owed by the Target Group; (ii) deferred tax liabilities primarily attributable to the fair value gain of the investment properties; and (iii) amounts due to shareholders.

The Target Group recorded net current liabilities of approximately HK$281.84 million, HK$78.70 million, HK$75.22 million and HK$70.64 million as at 31 December 2018, 2019 and 2020 and 31 March 2021, respectively. As at 31 December 2018, 2019 and 2020 and 31 March 2021, majority of the Target Group's current assets was (i) bank and cash balances of approximately HK$27.57 million, HK$22.14 million, HK$20.89 million and HK$25.79 million, respectively, and a majority (i.e. over 96%) of which were denominated in RMB; and (ii) trade receivables of approximately HK$0.97 million, HK$1.82 million, HK$6.04 million and HK$5.86 million as at 31 December 2018, 2019 and 2020 and 31 March 2021, respectively. The majority of the Target Group's current liabilities as at 31 December 2018, 2019 and 2020 and 31 March 2021 were (i) the amounts due to shareholders of approximately HK$72.45 million, HK$72.49 million, HK$72.49 million and HK$72.49 million, respectively; and (ii) other payables of approximately HK$27.48 million, HK$28.48 million, HK$28.17 million and HK$28.43 million, respectively. The amounts due to shareholders are unsecured, non-interest bearing, have no fixed repayment terms and are denominated in HKD. The significant decrease in the net current liabilities from FY2018 to FY2019 was attributable to the other loans of the Target Group. As at 31 December 2018, 2019 and 2020 and 31 March 2021, others loans of the Target Group, which were unsecured and denominated in RMB, amounted to approximately HK$208.56 million, HK$197.45 million, HK$214.62 million and HK$217.15 million, respectively. All of the Target Group's borrowings are at fixed interest rates. Such liabilities were current in nature as at 31 December 2018 and subsequently non-current in nature as at 31 December 2019 and 2020 after renewal during FY2019. The increase in the other loans as at 31 December 2020 as compared with that as at 31 December 2019 was resulted from increase in accrued interests. The increase in other loans as at 31 March 2021 as compared with that as at 31 December 2020 was mainly due to increase in accrued interests.

As at 31 December 2018, 2019 and 2020 and 31 March 2021, the Target Group's current ratio (the "**Current Ratio**", represented by current assets as a percentage of current liabilities) was approximately 9.31%, 23.63%, 26.70% and 31.26%, respectively. The increase in Current Ratio as at 31 March 2021 as compared to that as at 31 December 2020 was mainly due to the increase in bank and cash balances resulted from net cash inflow generated from operating activities. The increase in Current Ratio as at 31 December 2020 as compared to that as at 31 December 2019 was mainly due to the increase in trade receivables resulted from the increase in rental receivables and utility receivables from tenants. The increase in Current Ratio as at 31 December 2019 as compared to that as at 31 December 2018 was mainly due to the renewal of other loans which was re-classified from current liabilities to non-current liabilities, partially offset by the decrease in bank and cash balances primarily attributable to the payment of loan interests.

The Target Group's gearing ratio (the "**Gearing Ratio**", represented by total liabilities as a percentage of total assets) was approximately 67.18%, 66.90%, 69.39% and 69.62% as at 31 December 2018, 2019 and 2020 and 31 March 2021, respectively, which had no material fluctuation.

Employment and remuneration policy

As at 31 December 2018, 2019 and 2020 and 31 March 2021, the Target Group had 9, 11, 12 and 11 full-time employees, respectively. The Target Group recruits, employs and promotes its employees and makes remuneration payments to them in accordance with the employees' qualifications, experience, skills, performance and contributions. The Target Group provides employees with on-the-job training and market competitive remuneration, including salaries and bonus.

Funding and treasury policy

The Target Group primarily finances its operation from loans and amount due to shareholders. The Target Group adopts a prudent funding and treasury policy towards its overall business operation with an aim to minimize financial risks, by ensuring sufficiency of liquidity and fulfilment of financing requirements within acceptable financing costs.

Significant investment

During the Relevant Period, save for the PRC Properties, the Target Group did not hold any significant investment.

Future plans for material investments or capital assets

As at 31 December 2018, 2019 and 2020 and 31 March 2021, the Target Group did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiary

During the Relevant Period, the Target Group did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 December 2018, 2019 and 2020 and 31 March 2021, the PRC Properties were subject to a charge for a mortgage loan which was fully repaid prior to the Relevant Period. As at the Latest Practicable Date, the charge on the PRC Properties has been released. Save as disclosed above, as at 31 December 2018, 2019 and 2020 and 31 March 2021, the Target Group did not have any charges on assets.

Contingent liabilities

The Target Group had no material contingent liabilities as at 31 December 2018, 2019 and 2020 and 31 March 2021.

Foreign exchange exposure

During the Relevant Period, the Target Group was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB. Hence, During the Relevant Period, the Target Group did not have any formal hedging policies and no financial instrument was used for hedging purpose.

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

Introduction

The following is the unaudited pro forma financial information of the Enlarged Group ("**Unaudited Pro Forma Financial Information**"), comprising the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, which have been prepared based on the notes set forth below to illustrate the effect of the proposed acquisition of 51% of the issued share capital of the Target Group (the "**Acquisition**") as if the Acquisition had taken place on 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 30 June 2020 and the new or revised accounting standards adopted in the interim report of the Group for the six months ended 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2020, where applicable, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group

	The Group as at 31 December 2020 (unaudited)	Target Group as at 31 March 2021	Subtotal	Other pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets							
Property, plant and equipment	449,550	578	450,128	–	–	–	450,128
Investment properties	132,100	555,532	687,632	–	–	–	687,632
Deferred tax assets	4,441	–	4,441	–	–	–	4,441
Financial assets at fair value through profit or loss	31,508	–	31,508	–	–	–	31,508
Loans receivable	3,833	–	3,833	–	–	–	3,833
	621,432	556,110	1,177,542	–	–	–	1,177,542
Current assets							
Trade receivables	43	5,856	5,899	–	–	–	5,899
Deposits, prepayments and other receivables	1,903	484	2,387	–	–	–	2,387
Loans receivable and interest receivables	305,629	–	305,629	–	–	–	305,629
Current tax assets	1,326	–	1,326	–	–	–	1,326
Bank and cash balances	246,691	25,792	272,483	(74,220)	–	–	198,263
	555,592	32,132	587,724	(74,220)	–	–	513,504
Current liabilities							
Trade and other payables	1,096	28,428	29,524	–	3,935	–	33,459
Due to related parties	–	–	–	–	–	72,985	72,985
Due to shareholders	–	72,485	72,485	–	–	(72,485)	–
Due to an ultimate beneficial owner	–	500	500	–	–	(500)	–
Current tax liabilities	2,336	1,360	3,696	–	–	–	3,696
	3,432	102,773	106,205	–	3,935	–	110,140
Net current assets/(liabilities)	552,160	(70,641)	481,519	(74,220)	(3,935)	–	403,364
Total assets less current liabilities	1,173,592	485,469	1,659,061	(74,220)	(3,935)	–	1,580,906
Non-current liabilities							
Other loans	–	217,147	217,147	–	–	–	217,147
Other payables	–	8,716	8,716	–	–	–	8,716
Deferred tax liabilities	–	80,927	80,927	–	–	–	80,927
	–	306,790	306,790	–	–	–	306,790
Net assets	1,173,592	178,679	1,352,271	(74,220)	(3,935)	–	1,274,116

Notes to Unaudited Pro Forma Financial Information of the Enlarged Group

1. The amounts are extracted from the unaudited condensed consolidated financial statements of the Group as set out in the interim report of the Group for the six months ended 31 December 2020.

2. The amounts are extracted from the historical financial information of the Target Group as set out in Appendix II to this Circular.

3. The actual amount of net current asset value of the Target Group and the final amount of the Consideration at the Completion Date may be different from the values used below in the preparation of the Unaudited Pro Forma Financial information which are at 31 December 2020, the latest financial period of financial information of the Target Group, provided that final Consideration as adjusted shall at all times be capped at the amount of HK$77,220,000.

   For the purpose of the Unaudited Pro Forma Financial Information, no adjustment is made in respect of the Consideration and the Consideration of HK$74,220,000 is assumed to be settled by cash.

   The Acquisition is considered as a business combination and is accounted for using the acquisition method in accordance with Hong Kong Financial Reporting Standard (the "**HKFRS**") 3 (Revised) "Business Combinations" as the directors of the Company believe that the Target Group acquired constitutes a business in accordance with HKFRS 3.

For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the difference between the consideration and the net identifiable assets and liabilities of the Target Group to be reflected as gain on bargain purchase was calculated as follows:

	HK$'000
Cash consideration	74,220
Add: Non-controlling interests of the Target Group	87,553
Less: Net identifiable assets and liabilities	(178,679)
Property, plant and equipment	578
Investment properties	555,532
Trade receivables	5,856
Deposits, prepayments and other receivables	484
Bank and cash balances	25,792
Trade and other payables	(37,144)
Due to shareholders	(72,485)
Due to an ultimate beneficial owner	(500)
Current tax liabilities	(1,360)
Other loans	(217,147)
Deferred tax liabilities	(80,927)
Gain on bargain purchase	(16,906)

4. The adjustment is made to reflect the accrual for the estimated transaction costs such as professional fees of approximately HK$3,935,000 that are directly attributable to the Acquisition.

5. The adjustment represents reclassification from due to shareholders and due to an ultimate beneficial owner of the Target Group as at 31 March 2021 to due to related parties as those parties are no longer the shareholders and ultimate beneficial owner of the Enlarged Group upon the completion of the Acquisition.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report set out on pages IV-5 to IV-8 received from the Company's reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong for the sole purpose of inclusion in this circular.

RSM

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

24 September 2021

The Board of Directors
Rich Goldman Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Rich Goldman Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), and Fast Advance Resources Limited and its subsidiaries (the "**Target Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2020 (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-1 to IV-4 of the Company's circular dated 24 September 2021. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page IV-1 to IV-4 to the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 51% of the issued share capital of Fast Advance Resources Limited on the Group's financial position as at 31 December 2020 as if the transaction had been taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim financial information for the six months ended 31 December 2020 set out in the interim report, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 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 behaviour.

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 Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited 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 Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

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

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

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 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 and valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 30 June 2021 of the property held by Shanghai Jiasong Property Co., Ltd.

JLL 仲量聯行

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

24 September 2021

The Board of Directors
Rich Goldman Holdings Limited (the "Company")
Room 1807, 18th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

On 18 June 2021, Rich Goldman Holdings Limited (the "**Company**"), as the Purchaser, Power Able International Holdings Ltd. and Original Praise Investment Development Ltd. as the Vendors and Ms. Chau Lan Yan and Mr. Wang Chi Hung as the Vendors' Guarantors, entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendors agreed to sell, the 51% of the issued share capital of Fast Advance Resources Limited (the "**Target Company**") at an aggregate initial consideration of HK$74,220,000.

In accordance with your instructions to value the property interest held by Shanghai Jiasong Property Co., Ltd. (上海佳頌物业有限公司, "**Shanghai Jiasong**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 June 2021 (the "**Valuation Date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest which was held for investment by Shanghai Jiasong as at the Valuation Date by the income capitalization approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

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

We have been shown copies of Real Estate Title Certificates relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser – AllBright Law Offices, concerning the validity of the property interest in the PRC.

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

The site inspection was carried out in July 2021 by Ms. Evelyn Xu who is a Member of the Royal Institution of Chartered Surveyors and has 7 years' valuation experience in the real estate industry of the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

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

We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the property under frequent review.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held by Shanghai Jiasong in the PRC

Property	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at 30 June 2021** *RMB*
Jin Xiu Fun located at the junction of Jinyan Road and Jinxiu Road Pudong New District Shanghai The PRC	Jin Xiu Fun is located at the junction of Jinyan Road and Jinxiu Road. The locality is a mature residential and commercial area. It is well served by public transportation and various public facilities such as Century Park and Shanghai Science and Technology Museum are located nearby. The property occupies 3 parcels of land with a total site area of approximately 12,500 sq.m., which had been developed into a commercial development. The property was completed in 2007 and renovated in 2015 and was held for investment by Shanghai Jiasong as at the Valuation Date. As at the Valuation Date, the property comprises a commercial block with Level B1 to Level 2, and has a total gross floor area of approximately 18,988.25 sq.m. Details of the property are set out in note 2. The land use rights of the property have been granted for the terms expiring on 27 October 2055 and 7 February 2055 for composite use.	As at the Valuation Date, portions of the property were rented to various third parties for commercial purpose and the remaining portion of the property was vacant.	492,700,000 *(ref to Note 6)*

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Hu Fang Di Pu Zi (2011) Nos. 001031, 001042 and 001038, the land use rights of 3 parcels of land with a total site area of approximately 12,500 sq.m. have been granted to Shanghai Jiasong for the terms expiring on 27 October 2055 and 7 February 2055 for composite use. The property with a total gross floor area of approximately 18,988.25 sq.m. is owned by Shanghai Jiasong.

2. According to the information provided by the Company and Shanghai Jiasong, the gross floor area of the property is set out as below:

Usage	**Gross Floor Area** *(sq.m.)*
Retail	13,543.26
Cultural facility	4,936.05
Special purpose	508.94
Total:	18,988.25

3. Pursuant to 45 Tenancy Agreements, portions of the property with a total gross floor area of approximately 18,516.23 sq.m are leased to 45 tenants for commercial purpose with various expiry dates between 30 June 2021 and 11 September 2028, and the passing monthly rent as at the Valuation Date was approximately RMB2,375,941 exclusive of management fees, water and electricity charges.

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

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and compared with similar developments which are located in the similar areas of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on the first floor range from RMB8.00 to RMB10.00 per sq.m. per day; and

   c. Based on our research on commercial market in the surrounding area of the property, the stabilized market yield ranged from 4.5%-5.5% as at the Valuation Date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.0% for the property as the capitalization rate in the valuation.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Shanghai Jiasong is legally and validly in possession of the land use rights and buildings of the property. Shanghai Jiasong has the rights to occupy, use, lease and transfer the property.

   b. The stated use in the real estate title certificates for some units of the property is for cultural exhibition purpose, but there is situation that such portions of property are rented out and used for education training, catering or beauty salon. There exists conduct of unauthorised alteration of the planned use of the property carried out by Shanghai Jiasong. Apart from administrative punishment, once the competent authority requires Shanghai Jiasong to rectify this within a time limit, Shanghai Jiasong will have the risk of breach of lease contract; and

c. Despite that the Construction Work Commencement Permit and planning acceptance documents of Jin Xiu Fun project have not been provided, Shanghai Jiasong has obtained the Real Estate Title Certificates of the property and according to the result of online searches, the initial construction of Jin Xiu Fun project has complied with the city master planning and detail planning control of Shanghai City, the construction of this project has been approved by the relevant government departments and is in compliance with the relevant laws and regulations. Shanghai Jiasong has obtained the real estate title certificates of Jin Xiu Fun project and thus is the legal owner of Jin Xiu Fun project. However, for the situation of unauthorised alteration of the buildings for the renovation project of Jin Xiu Fun without the approval of relevant planning and construction departments in 2015, there exists the risks of punishment by competent departments of planning, construction and fire services, the invalidation of the lease contracts, and the compensation for leasees' relevant losses.

6. Based on above legal opinions and the fact, there is existence of unauthorised alteration in the basement of the eastern area of the property. As advised by the Company, an independent third party construction cost consultant has assessed the cost of reinstatement of the property to the original state and the estimated cost of which is approximately HK$24,600,000. In our valuation, such estimated cost to carry out reinstatement or remedial works on the property is not taken into account in the value of the property as at the Valuation Date.

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 recorded 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 share 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. Nicholas J. Niglio	1 April 2016	HK$0.498	1 April 2016 to 31 March 2026	5,118,555	0.26%
Mr. Lin Chuen Chow Andy	1 April 2016	HK$0.498	1 April 2016 to 31 March 2026	5,118,555	0.26%

Note: As at the Latest Practicable Date, the total number of Shares in issue was 1,938,822,690 Shares.

Save as disclosed above, as at the Latest Practicable Date, 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 recorded 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:

Name	Capacity and nature of interest	Number of Shares Interested		Approximate percentage of the Company's issued share capital *(Note 2)*
		Long position	Short position	
Mr. Wong Yau Shing	Beneficial owner	108,000,000	–	5.57%
Faith Mount Limited *(Note 1)*	Beneficial owner	1,359,187,606	–	70.10%
Ms. Lin Yee Man	Interest of controlled corporation	1,359,187,606	–	70.10%

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 1,938,822,690 Shares.

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 issued voting shares 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 close 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 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 2020 (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 Group within the two years immediately preceding the date of this Circular which are or may be material:

(i) the underwriting agreement dated 14 October 2019 and entered into between the Company and Faith Mount Limited in relation to the proposed offer for subscription of the open offer shares (the "**Open Offer Share(s)**") at the price of HK$0.12 per Open Offer Share on the basis of nine (9) Open Offer Shares for every five (5) existing Shares held by the Shareholders on the record date and subject to the conditions precedent set out in the section headed "Conditions of the Open Offer" of the Company's announcement dated 18 October 2019 ("**Open Offer Announcement**"); and

(ii) the placing agreement dated 14 October 2019 entered into between the Company and Ferran Securities Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, in respect of the Unsubscribed Arrangements (as defined in the Open Offer Announcement).

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
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Property Valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its reports and/or letters (as the case may be) given as of the date of this Circular and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the 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 Group. As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been, since 30 June 2020, the date to which the latest published audited consolidated financial statements of the Enlarged 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.

8. CORPORATE INFORMATION

Registered Office	Room 1807, 18/F West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Share registrar and transfer office	Computershare Hong Kong Investor Services Limited 17M Floor Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Company Secretary	Ms. So Hei Lu *A member of the Hong Kong Institute of Certified Public Accountants*

9. LANGUAGE

The English texts of this Circular and the proxy form shall prevail over their Chinese texts in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) 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 10:00 a.m. to 6:00 p.m. on any business day; and (ii) on the website of the Company (www.richgoldman.com.hk) from the date of this Circular up to 14 days thereafter:

(i) the articles of association of the Company;

(ii) the annual reports of the Company for the years ended 30 June 2019 and 2020;

(iii) the accountants' report of the Target Group, the text of which is set out in Appendix II to this Circular;

(iv) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this Circular;

(v) the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix V to this Circular;

(vi) the material contracts referred to in the paragraph headed "5. Material contracts" in this Appendix;

(vii) the written consents referred to in the paragraph headed "7. Experts and Consents" in this Appendix; and

(viii) this Circular.