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金粵控股有限公司

Rich Goldman Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

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

THE ACQUISITION

Reference is made to the Company's announcement dated 22 September 2020 in relation to, among others, the MOU in relation to the Group's intention to acquire not less than 51% of the total number of issued shares of the Target Company.

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 principal asset of the Target Group is the relevant land use rights and building ownership relating to the PRC Properties and the preliminary valuation of which amounts to RMB493,100,000 (equivalent to approximately HK\$591,720,000) as at 30 April 2021.

As at the date of this announcement, the Target Company is held as to 50% by Vendor A and 50% by Vendor B. 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.

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.

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 holds approximately 70.1% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, the circular containing, 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 should be despatched to the Shareholders within 15 Business Days after the publication of the Announcement, which is on or before 12 July 2021.

Given that additional time is required for the Company to prepare and finalise the financial information of the Target Group and the Enlarged Group to be included in the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 31 August 2021.

INTRODUCTION

Reference is made to the Company's announcement dated 22 September 2020 in relation to, among others, the MOU in relation to the Group's intention to acquire not less than 51% of the total number of issued shares of the Target Company.

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.

Principal terms of the Agreement are set out below.

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.

The Consideration was determined after arm’s length negotiation between the Vendors and the Company primarily with reference to (i) the preliminary valuation of the PRC Properties of RMB493,100,000 (equivalent to approximately HK\$591,720,000) as at 30 April 2021 as prepared by an independent property valuer by using income capitalization approach; (ii) the estimated costs of approximately RMB20,500,000 (equivalent to approximately HK\$24,600,000) to be incurred by the Target Group to carry out reinstatement or remedial works on the PRC Properties; and (iii) the financial position of the Target Group as at 31 December 2020. The Consideration will be financed by the internal resources of the Group.

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.

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

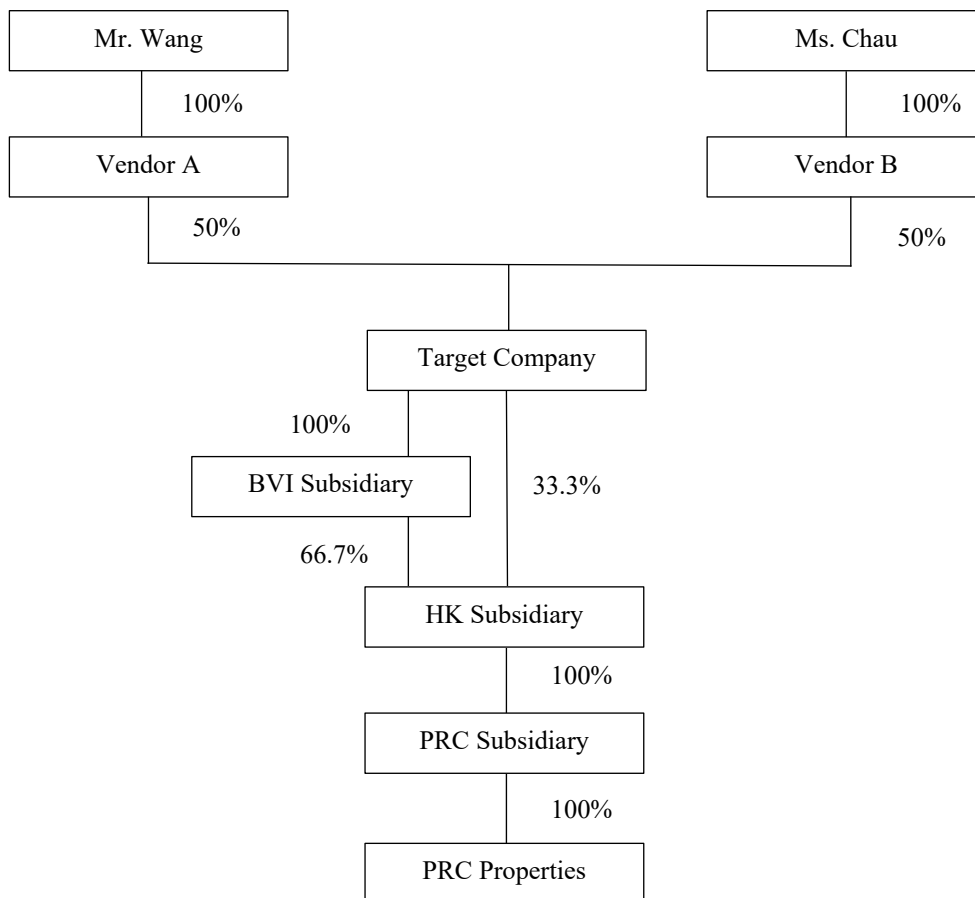
Completion shall take place on the fifth Business Day immediately following the day on which all the Conditions have been satisfied and/or waived (save for the Condition (vi) which shall be fulfilled as at Completion), or such other date as may be agreed by the Vendors and the Company in writing.

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.

INFORMATION ON THE TARGET GROUP

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



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 date of this announcement, the PRC Subsidiary owns the relevant land use rights and building ownership relating to the PRC Properties. 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 April 2021, a total number of 45 business tenants have signed a tenancy agreement in relation to shops and venue spaces within the PRC Properties with a leasing period ranging from 1 to 13 years. The rent for the majority of the tenancy agreements is settled by monthly payments. According to the relevant tenancy agreements, approximately 16,524.35 square metres of the PRC Properties have been rented out.

Set out below is the unaudited consolidated financial information of the Target Group for the financial years ended 31 December 2019 and 2020 as prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year	
	ended 31 December	
	2019	2020
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	40,217	32,253
Profit/(loss) before taxation	6,261	(44,367)
Profit/(loss) after taxation	710	(33,431)

The unaudited consolidated net asset value of the Target Group as at 31 December 2020 was approximately HK\$179,543,000.

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.

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.

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 date of this announcement.

Vendor B is an investment holding company and is held as to 100% by Ms. Chau as at the date of this announcement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition 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.

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 were 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 holds approximately 70.1% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, the circular containing, 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 should be despatched to the Shareholders within 15 Business Days after the publication of the Announcement, which is on or before 12 July 2021.

Given that additional time is required for the Company to prepare and finalise the financial information of the Target Group and the Enlarged Group to be included in the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 31 August 2021.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, 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
“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 this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition
“Deposit”	the deposit of HK\$3,711,000, of which HK\$1,855,500 shall be payable to Vendor A and HK\$1,855,500 shall be payable to Vendor B under the Agreement, details of which are set out under the section headed “Consideration and payment terms” of this announcement
“Director(s)”	the director(s) of the Company
“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
“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

“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 this announcement
“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 this announcement 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 this announcement
“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 this announcement 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.

By order of the Board
Rich Goldman Holdings Limited
Lin Chuen Chow Andy
Chairman

Hong Kong, 18 June 2021

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.20. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

* *The English translation of the Chinese names in this announcement is for identification purpose only.*