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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this Prospectus 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 the Prospectus Documents 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.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "12. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above.

Subject to the granting of listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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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)**

## OPEN OFFER ON THE BASIS OF NINE (9) OPEN OFFER SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.12 PER OPEN OFFER SHARE

**Underwriter to the Open Offer  
FAITH MOUNT LIMITED**

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Capitalised terms used on this cover shall have the same meanings as those defined in this Prospectus.

The Latest Time for Application and payment for the Open Offer Shares is 4:00 p.m. on Monday, 20 January 2020. The procedures for application for Open Offer Shares are set out on pages 14 to 15 of this Prospectus.

The Open Offer is conditional upon the fulfillment (or waiver, where applicable) of the conditions as set out in the paragraph headed "Conditions of the Open Offer" under the section headed "The Open Offer" in the "Letter from the Board" in this Prospectus. The Underwriting Agreement in respect of the Open Offer contains provisions granting the Underwriter the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are summarised in the section headed "Termination of the Underwriting Agreement" on pages 6 to 7 in this Prospectus.

The Shares have been dealt in on an ex-entitlements basis from Monday, 23 December 2019. If the conditions of the Open Offer are not fulfilled (or waived, as the case may be) on or before 4:00 p.m. on Wednesday, 29 January 2020 (or such later time and/or date as the Company and the Underwriter may determine), or the Underwriting Agreement is terminated by the Underwriter, the Open Offer will not proceed. Any Shareholder or other person dealing in the Shares up to the date on which all conditions of the Open Offer are fulfilled and the Underwriter's right of termination under the Underwriting Agreement ceases will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

6 January 2020

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## EXPECTED TIMETABLE

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Set out below is the expected timetable for the Open Offer which is indicative only and is subject to change. Further announcement(s) will be made by the Company as and when appropriate should there be any changes to the expected timetable.

All times in this Prospectus refer to Hong Kong time.

### Events

Latest Time for Application and payment for the Open Offer Shares . . . . .	4:00 p.m. on Monday, 20 January 2020
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements . . . . .	Tuesday, 21 January 2020
Commencement of placing of the Unsubscribed Shares by the Placing Agent, on a best effort basis . . . . .	Wednesday, 22 January 2020
Placing End Date for placing of the Unsubscribed Shares . . . . .	4:00 p.m. on Thursday, 23 January 2020
Latest time for termination of the Underwriting Agreement by the Underwriter. . . . .	4:00 p.m. on Wednesday, 29 January 2020
Open Offer Settlement Date and the Open Offer becomes unconditional . . . . .	4:00 p.m. on Wednesday, 29 January 2020
Announcement of the results of the Open Offer (including the results of placing of the Unsubscribed Shares) . . . . .	Wednesday, 29 January 2020
Despatch of certificates for the fully-paid Open Offer Shares . . . . .	Thursday, 30 January 2020
Despatch of refund cheques if the Open Offer is terminated . . . . .	Thursday, 30 January 2020
First day of dealings in the fully-paid Open Offer Shares . . . . .	9:00 a.m. on Friday, 31 January 2020

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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION AND PAYMENT FOR THE OPEN OFFER SHARES**

The Latest Time for Application will not take place if a tropical cyclone signal no.8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 20 January 2020, being the date of the Latest Time for Application. Instead the Latest Time for Application will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 20 January 2020, being the date of the Latest Time for Application. Instead the Latest Time for Application will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Application does not take place on Monday, 20 January 2020, the dates mentioned in the section headed “Expected Timetable” in this Prospectus may be affected. The Company will notify the Shareholders by way of announcement on any change to the excepted timetable as soon as practicable.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 18 October 2019 in relation to, among other things, the Open Offer and the Whitewash Waiver
“Application Form”	the application form to be used in connection with the Open Offer by the Qualifying Shareholders to apply for the Open Offer Shares
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, a public holiday or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 2 December 2019 in relation to, among other things, the Open Offer (including the transactions contemplated under the Underwriting Agreement), the Whitewash Waiver and the transactions contemplated thereunder
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Rich Goldman Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 70)
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Thursday, 19 December 2019 at which resolutions were passed by the Independent Shareholders to approve the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder

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## DEFINITIONS

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“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Faith Mount” or “Underwriter”	Faith Mount Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Ms. Lin Yee Man
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than (i) Faith Mount, its ultimate beneficial owners and parties acting in concert with any of them; and (ii) those who are involved or have interests in the Open Offer, the Underwriting Agreement and the Whitewash Waiver
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“Irrevocable Undertaking”	the irrevocable undertaking given by Faith Mount under the Underwriting Agreement to procure, among others, that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner
“Last Trading Day”	14 October 2019, being the last trading day for the Shares immediately prior to the publication of the Announcement
“Latest Practicable Date”	31 December 2019, being the latest practicable date for ascertaining certain information for inclusion in this Prospectus
“Latest Time for Application”	4:00 p.m. on Monday, 20 January 2020 or such other date as may be agreed between the Company and the Underwriter in writing, being the last time for application of and payment for the Open Offer Shares
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Niglio”	Mr. Nicholas J. Niglio, the non-executive Director

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## DEFINITIONS

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“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not apply for the Open Offer Shares (whether partially or fully) in their assured allotments or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from the Open Offer
“Open Offer”	the offer in this Prospectus of the Open Offer Shares at the Open Offer Price 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 paragraph headed “Conditions of the Open Offer” under the section headed “The Open Offer” in the “Letter from the Board” in this Prospectus
“Open Offer Completion”	completion of the Open Offer
“Open Offer Price”	HK\$0.12 per Open Offer Share
“Open Offer Settlement Date”	Wednesday, 29 January 2020, or such other date as the Underwriter and the Company may agree in writing
“Open Offer Shares”	the new Share(s) to be allotted and issued under the Open Offer, being 1,246,386,015 Shares
“Optionholder(s)”	holder(s) of the Share Option(s)
“Optionholders’ Undertakings”	the irrevocable undertakings given by the Optionholders on 14 October 2019 (as amended and supplemented by the supplemental irrevocable undertakings given by the Optionholders on 19 December 2019) as mentioned in the paragraph headed “The Optionholders’ Undertakings” under the section headed “The Irrevocable Undertakings” in the “Letter from the Board” in this Prospectus
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Placing Agent” or “Ferran Securities”	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, which will place the Unsubscribed Shares, on a best effort basis, to investors who are Independent Third Parties under the Unsubscribed Arrangements

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## DEFINITIONS

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“Placing Agreement”	the agreement dated 14 October 2019 entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements
“Placing End Date”	Thursday, 23 January 2020, being the third Business Day following and excluding the day on which the Latest Time for Application falls
“Placing Period”	the period from Wednesday, 22 January 2020 up to 4:00 p.m. on Thursday, 23 January 2020, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	HK\$0.12 per Unsubscribed Share
“Posting Date”	Monday, 6 January 2020, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or, to the extent reasonably practicable and legally permitted, the despatch of the Prospectus for information only to the Non-Qualifying Shareholders
“Prospectus”	this Prospectus
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the date by reference to which assured allotments under the Open Offer are expected to be determined, which is Friday, 3 January 2020
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s share registrar and transfer office
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 18 September 2007
“Share Option(s)”	the share options of the Company granted pursuant to the Share Option Scheme
“Share(s)”	ordinary share(s) of in the share capital of the Company



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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 14 October 2019 and entered into between the Company and the Underwriter in relation to the Open Offer (as amended and supplemented by a letter of extension dated 29 November 2019)
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Unsubscribed Shares”	Open Offer Shares that are not subscribed by the Qualifying Shareholders, aggregated fractional Open Offer Shares, and Open Offer Shares which would otherwise have been offered to the Non-Qualifying Shareholders (as the case may be)
“Untaken Offer Shares”	all such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the places have not paid therefore at 4:00 p.m. on the Placing End Date
“Whitewash Waiver”	the whitewash waiver granted by the Executive on 13 December 2019 pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Faith Mount to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by Faith Mount and any parties acting in concert with it as a result of the issue of the Open Offer Shares pursuant to the Underwriting Agreement
“%”	per cent.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter shall be entitled by a notice in writing to the Company, served prior to 4:00 p.m. on the Open Offer Settlement Date, to terminate the Underwriting Agreement if:

- (i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof), of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (ii) any material adverse change in market conditions (including, without limitation, any change in fiscal or monetary policy or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the sole and reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (v) the Circular, the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Open Offer Shares offered to it.

The Underwriter shall be entitled by a notice in writing to rescind the Underwriting Agreement if prior to 4:00 p.m. on the Open Offer Settlement Date, there is any material breach of any of the representations, warranties or undertakings as set out in the Underwriting Agreement comes to the knowledge of the Underwriter. Any such notice shall be served by the Underwriter to the Company prior to 4:00 p.m. on the Open Offer Settlement Date.

If prior to 4:00 p.m. on the Open Offer Settlement Date, any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement (save and except for certain clauses which shall remain in full force and effect as set out in the Underwriting Agreement) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

**If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.**

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# LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Lin Chuen Chow, Andy (*Chairman*)

Ms. So Wai Yin

*Non-executive Director:*

Mr. Nicholas J. Niglio

*Independent non-executive Directors:*

Mr. Cheung Yat Hung, Alton

Mr. Yue Fu Wing

Miss Yeung Hoi Ching

*Registered Office:*

Room 1807, 18/F

West Tower

Shun Tak Centre

168–200 Connaught Road

Central

Hong Kong

6 January 2020

*To the Qualifying Shareholders and, for information only,  
the Non-Qualifying Shareholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF  
NINE (9) OPEN OFFER SHARES FOR EVERY FIVE (5) EXISTING SHARES  
HELD ON THE RECORD DATE  
AT HK\$0.12 PER OPEN OFFER SHARE**

### INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Open Offer.

At the EGM, the necessary resolution approving, among other things, the Open Offer, was duly passed by the Independent Shareholders by way of poll. As Faith Mount is involved in and/or interested in the Open Offer, the Underwriting Agreement and the Whitewash Waiver, it has abstained from voting on the resolutions proposed at the EGM.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with further information on the Open Offer including information on dealings in and application for the Open Offer Shares, and certain financial and other general information of the Group.

### THE OPEN OFFER

#### Issue statistics

Basis of the Open Offer	:	Nine (9) Open Offer Shares for every five (5) existing Shares held by the Shareholders on the Record Date
Open Offer Price	:	HK\$0.12 per Open Offer Share
Number of Shares in issue as at the Latest Practicable Date	:	692,436,675 Shares
Number of Open Offer Shares	:	1,246,386,015 Open Offer Shares
Underwriter	:	Faith Mount Limited

As at the Latest Practicable Date, the Company has 8,356,620 outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 8,356,000 new Shares. Details of the Share Options outstanding and the Optionholders are set out below:

Name	Date of grant	Exercise period	Exercise price (HK\$)	Number of Share Options held as at the Latest Practicable Date	Percentage to issued Shares as at the Latest Practicable Date (%)
Mr. Niglio, a non-executive Director	1 April 2016	1 April 2016 to 31 March 2026	0.61	4,178,310	0.60
Mr. Lin Chuen Chow, Andy, an executive Director	1 April 2016	1 April 2016 to 31 March 2026	0.61	4,178,310	0.60

Save for the above, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Each of the Optionholders has given his irrevocable undertaking to the Company and Faith Mount to the effect that he will not exercise any of his Share Options on or before the Record Date. Accordingly, the aggregate number of the Open Offer Shares that will be allotted and issued represents (i) not more than 180% of the existing number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 64.29% of the number of Shares in issue as enlarged by the allotment and issue of the Open Offer Shares.

### The Open Offer Price

The Open Offer Price of HK\$0.12 per Open Offer Share, payable in full by a Qualifying Shareholder upon application for the assured allotment of Open Offer Shares under the Open Offer, represents:

- (i) a discount of approximately 9.17% over the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.57% over the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 30.64% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.173;
- (iv) a discount of approximately 29.41% over the average of the closing prices per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.170;
- (v) a discount of approximately 31.82% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.176;
- (vi) a discount of approximately 12.41% to the theoretical ex-entitlement price of approximately HK\$0.137 per Share based on the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Open Offer Shares;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 19.44% represented by the theoretical diluted price of approximately HK\$0.139 to the benchmarked price of approximately HK\$0.172 per Share (as defined under Rule 7.27B of Listing Rules), taking into account the closing price on the Last Trading Date of HK\$0.168 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of HK\$0.172 per Share; and
- (viii) a discount of approximately 93.02% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2019 of approximately HK\$1.72 per Share calculated based on the consolidated net assets of the Group attributable to the Shareholders of approximately HK\$1,191,821,000 as at 30 June 2019 as extracted from the annual report of the Company for the year ended 30 June 2019 and 692,436,675 Shares then in issue.

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## LETTER FROM THE BOARD

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The terms of the Open Offer, including the Open Offer Price, were determined by the Board with reference to (i) the prevailing market condition; (ii) the prevailing market prices of the Shares; and (iii) the capital required for the Group's business development as detailed in the section headed "Reasons for the Open Offer and the Use of Proceeds" in this "Letter from the Board" below.

While the Board noted from Appendix II as set out on pages II-1 to II-5 of this Prospectus that the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share would decrease from approximately HK\$1.62 to approximately HK\$0.66 as at 30 June 2019, the Board was aware that the Shares had been traded at a significant discount to the consolidated net asset value per Share in the past year. The closing price of the Shares during the period from 15 October 2018 (i.e. one year prior to the Last Trading Day) up to the Last Trading Day ranged from a maximum of HK\$0.32 per Share on 14 December 2018 to a minimum of HK\$0.15 per Share on 11 September 2019, which was trading at a discount of approximately 81.40% and 91.28% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2019, respectively. Taking into account that each Qualifying Shareholder will be given an equal opportunity to participate in the Company's future development by subscribing for his/her/its assured entitlements under the Open Offer on the same offer terms, the Board considered that the significant discount of the Open Offer Price to the consolidated net asset value per Share is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

The Open Offer Shares will be offered to all Shareholders and each Qualifying Shareholder will be entitled to apply for the Open Offer Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider that the terms of the Open Offer, including the Open Offer Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Open Offer**

The Open Offer is conditional upon (i) the obtaining of the Independent Shareholders' approval at the EGM; (ii) the Whitewash Waiver having been granted to Faith Mount (and such waiver not having been revoked or withdrawn); and (iii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to the paragraph headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Arrangement for the Open Offer" in this "Letter from the Board" below. As at the Latest Practicable Date, conditions precedent (i) and (ii) above have been fulfilled.

**If any of the conditions of the Underwriting Agreement are not fulfilled or waived (as the case may be), the Underwriting Agreement will be terminated and the Open Offer will not proceed.**

### **Basis of assured allotment**

Under the Open Offer, the basis of the assured allotment shall be nine (9) Open Offer Shares for every five (5) existing Shares held by the Shareholders as at the close of business on the Record Date.

The original offer basis suggested by the Company was two (2) Open Offer Shares for every (1) existing Share. However, on such offer ratio, and if (i) there is no acceptance by the Qualifying Shareholders (other than Faith Mount) under the Open Offer; and (ii) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares are taken up by Faith Mount, the Company will not have sufficient public float required under the Listing Rules (i.e. less than 25%).

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## LETTER FROM THE BOARD

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If this is the case, given that the Open Offer may not comply with the requirement on public float under the Listing Rules, at the request by Faith Mount, the Board then considered various alternative offer basis and, after due consideration of Faith Mount's compliance requirements, the Company's need of fund raising and the capital required to be raised, amended the basis of the Open Offer to nine (9) Open Offer Shares for every five (5) existing Shares. Hence, the Board considers the existing offer basis is in the interests of the Company and its Shareholders.

### **Fractional assured allotment of the Open Offer Shares**

Open Offer Shares in assured allotment will be rounded down to the nearest whole number. No fractional Open Offer Shares will be issued under the Open Offer. All fractions of Open Offer Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangements (see details set out in the paragraphs headed "Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements" below) to Independent Third Parties.

### **Status of the Open Offer Shares**

The Open Offer Shares, when allotted, issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Open Offer Shares.

### **Qualifying Shareholders and Non-Qualifying Shareholders**

To qualify for the Open Offer, a Shareholder must have been registered as a member of the Company on the Record Date and a Qualifying Shareholder. The last date on which transfers of Shares were accepted for registration for participation in the Open Offer was 27 December 2019.

The Prospectus Documents are sent to Qualifying Shareholders. To the extent permitted under the relevant laws and regulations and reasonably practicable, the Prospectus only is sent to Non-Qualifying Shareholders for information purposes. The Non-Qualifying Shareholders are not entitled to any assured allotment under the Open Offer.

Qualifying Shareholders who take up their pro-rata allotment in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of its/his/her allotment under the Open Offer, its/his/her proportionate shareholding in the Company will be diluted. The invitation to subscribe for the Open Offer Shares made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading in the assured allotments on the Stock Exchange.

### **No application for the excess Open Offer Shares**

The Qualifying Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective assured allotments. All Unsubscribed Open Offer Shares have not been placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing End Date will be underwritten by the Underwriter.



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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, the Company has 246 Overseas Shareholders with registered addresses situated in the British Virgin Islands, the United States of America, the United Kingdom (including Jersey and Isle of Man), Canada, Liberia, Thailand, Singapore and Malaysia.

The Board has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. Based on the relevant overseas legal advice as at the Latest Practicable Date, the Board is of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or stock exchange do not make it necessary or expedient to exclude Overseas Shareholders with registered addresses in the British Virgin Islands, the United Kingdom (including Jersey and Isle of Man), Liberia, Thailand, Isle of Man, Singapore and Malaysia from the Open Offer and the Open Offer will be offered to Overseas Shareholders in those jurisdictions.

### ***United Kingdom***

In the United Kingdom, this Prospectus is made, supplied or directed only at:

- qualified investors in the United Kingdom who are: (a) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) (“**FPO**”); or (b) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO; and
- persons whom the Company reasonably believes are the Company’s creditors or members or persons entitled to specific investments issued by the Company in the United Kingdom under article 43 of the FPO.

### ***Jersey, United Kingdom***

This Prospectus does not purport to provide investment advice and shall not be construed as giving advice on the merits or suitability of the subscription or purchase of the Open Offer Shares. This Prospectus is not subject to and has not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Open Offer Shares being offered may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958.

### ***Thailand***

Within two years from the first day of dealings in the fully paid Open Offer Shares, the Company must have issued all Open Offer Shares deemed approved by the Thailand Securities and Exchange Commission (“**Thai SEC**”), and during such two-year period the Company shall not certify the accuracy of information in a registration statement for securities offering or a draft prospectus to be submitted to the Thai SEC, except in any of the following cases: (a) the Thai SEC has granted permission for the Company to proceed with an initial public offering; (b) the registration statement is prepared for the listing of the shares on the stock exchange of Thailand; or (c) the Company is a listed company in Thailand.

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## LETTER FROM THE BOARD

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Based on the relevant overseas legal advice as at the Latest Practicable Date, the Board is of the view that relevant overseas legal restrictions and requirements of the relevant regulatory body or stock exchange make it necessary or expedient to exclude Overseas Shareholders with registered addresses in Canada and the United States of America from the Open Offer and the Open Offer will not be offered to Overseas Shareholders in those jurisdictions.

Having considered the relevant overseas legal advice, the Directors have formed the view that, it is necessary or expedient to restrict the ability of Shareholders in Jersey, Canada and the United States of America to take up their assured allotments under the Open Offer due to (i) the time and costs involved in the registration of the Prospectus and/or compliance with the relevant local legal or regulatory requirements in Jersey, Canada and the United States of America; and/or (ii) additional steps that the Company and/or Shareholders and/or beneficial owners of the Shares need to take to comply with the local legal requirements in Jersey, Canada and the United States of America, such as to comply with the local legal restrictions on transferability and resale of the Open Offer Shares.

**Beneficial owners of the Shares who reside outside Hong Kong should note that the Open Offer does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Open Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful.** It is the responsibility of any person (including but without limitation to any nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to apply for and take up the Open Offer Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any application by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Persons in any doubt as to their positions should consult their own professional advisers. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will be deemed to make this representation and warranty.

### **Application for the Open Offer Shares and Payment**

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles him/her/it to subscribe for the number of the Open Offer Shares as shown therein subject to payment in full by the Latest Time for Application. If a Qualifying Shareholder wishes to exercise his/her/its right to apply for all number of the Open Offer Shares in his/her/its assured allotments of Open Offer Shares or any number of the Open Offer Shares less than his/her/its assured allotments of Open Offer Shares, the Qualifying Shareholder must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:00 p.m. on Monday, 20 January 2020 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Expected Timetable” in this Prospectus). All remittance(s) must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Rich Goldman Holdings Limited**” and crossed “**Account Payee Only**”. No application(s) of Open Offer Shares can be made by any persons who are Non-Qualifying Shareholders. If a Qualifying Shareholder applies for a number of Open Offer Share that is in excess of his/her/its assured allotment of Open Offer Shares, such application is liable to be rejected.

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## LETTER FROM THE BOARD

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It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Monday, 20 January 2020 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed “Expected Timetable” in this Prospectus), the assured allotments of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled and the relevant Open Offer Shares will be first placed by the Placing Agent under the Unsubscribed Arrangements, and if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement. The Company may, at its discretion, treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Company may require such incomplete Application Form to be completed by the relevant applicants at a later stage.

All cheques and banker’s cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) shall be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker’s cashier order in payment of the Open Offer Shares being applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. Remittance(s) will be presented for payment upon receipt by the Company and all interest earned (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque or banker’s cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured allotments of Open Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received.

Each Application Form is for use only by the Qualifying Shareholder named in it and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement is terminated at or before 4:00 p.m. on the Open Offer Settlement Date, being the latest time for termination of the Underwriting Agreement, the Open Offer will not proceed and the monies received in respect of application for the Open Offer Shares without interest will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person, by means of cheques crossed “**Account Payee Only**” to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Thursday, 30 January 2020.

### **Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements**

Prior to approaching Faith Mount to act as the underwriter to the Open Offer, the Company approached three independent securities brokers to act as the underwriter, but none of them was willing to act as the underwriter given the prevailing market conditions. Thereafter, the Company further discussed with such independent securities brokers to see if they were agreeable to act as the placing agent to place the Unsubscribed Shares. After discussion with such independent securities brokers, given the prevailing market conditions and the price trend of the Shares, only the Placing Agent was willing to place the Unsubscribed Shares on a best efforts basis on the condition that the Placing Price would be equivalent to the Open Offer Price. Therefore, the terms of the Placing Agreement were the best available terms for the placing arrangement that the Company could obtain.

As no independent securities brokers approached by the Company was willing to act as the underwriter, the Company therefore approached Faith Mount to act as the underwriter to the Open Offer. Pursuant to Rule 7.26A(2) of the Listing Rules, as Faith Mount is a substantial Shareholder, the Company must make the arrangements described in Rule 7.26A(1)(b) of the Listing Rules and therefore could not provide the Shareholders with excess applications. Further, if application for excess Open Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures while costs for the Unsubscribed Arrangements will only be incurred if (i) there are any Unsubscribed Shares to be placed by the Placing Agent; and (ii) such Unsubscribed Shares are placed successfully. It is expected that less effort would be required from the Company under the Unsubscribed Arrangements.

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## LETTER FROM THE BOARD

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Pursuant to Rule 7.26A(2) of the Listing Rules, as Faith Mount, being a substantial Shareholder, shall act as the underwriter of the Open Offer, the Company must make arrangements as stipulated in Rule 7.26A(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares, on a best effort basis, at the Placing Price.

Any Unsubscribed Shares (which comprise (i) the fractional Open Offer Shares aggregated as mentioned above; (ii) the Open Offer Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Open Offer Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent, on a best effort basis, under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties, and if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Principal terms of the Placing Agreement are summarized below:

Placing Agent	:	Ferran Securities
Placing commission	:	1.0% of the gross proceeds from the subscription of the Unsubscribed Shares successfully placed by the Placing Agent as at the date of Open Offer Completion
Placing Price	:	HK\$0.12 per Unsubscribed Share
Placing Period	:	The Placing Period shall commence on the second Business Day after the day on which the latest time for acceptance for the Open Offer Shares falls (i.e. 22 January 2020), and end on the Placing End Date (i.e. 23 January 2020) or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties

For the avoidance of doubt, no placee shall become a substantial Shareholder

The Placing Agent shall, on a best efforts basis during the Placing Period, seek to procure investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) of the Unsubscribed Shares.

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## LETTER FROM THE BOARD

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The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

As the Placing Price is same as to the Open Offer Price, no premium over the Open Offer Price is expected and no monetary benefits will be payable to the No Action Shareholder.

Although the placing arrangement will not offer any monetary benefits to the No Action Shareholders, the Company considers that it still provides a compensatory arrangement and benefits to the No Action Shareholders, protect the interest of the Company's Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole as (i) the placing arrangement facilitates the implementation of the Open Offer which will benefit the Company and the Shareholders as a whole as the Open Offer will satisfy the funding needs of the Company without incurring additional finance costs, administrative costs and burden for the Company as set out in the paragraphs headed "Alternative Fund Raising Methods" under the section headed "Reasons for the Open Offer and the Use of Proceeds" in this "Letter from the Board" below; and (ii) the placing arrangement also allows the Open Offer Shares to be placed to independent placees with proceeds accrued to the Company before the Open Offer Shares are taken up by Faith Mount which could potentially increase the shareholder base of the Company and may enhance the liquidity of the Shares which will be beneficial to the No Action Shareholders.

Because the Company has put in place the above Unsubscribed Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Open Offer as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

### **Share certificates for the Open Offer Shares**

Subject to fulfilment of the conditions of the Open Offer and to its proceeding, share certificates for the fully-paid Open Offer Shares are expected to be posted by Thursday, 30 January 2020 to those Qualifying Shareholders entitled thereto by ordinary post to their registered address(es) at their own risks. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Thursday, 30 January 2020 by ordinary post at the respective Shareholders' registered addresses at their own risk.

### **Application for listing of the Open Offer Shares**

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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Dealings in the Open Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and other applicable fees and charges in Hong Kong.

All necessary arrangements will be made to enable the Open Offer Shares in their fully-paid form to be admitted to CCASS. The first day of dealings in the Open Offer Shares is expected to commence on Friday, 31 January 2020.

### **Refund of application monies**

If the conditions of the Underwriting Agreement as set out in the paragraphs headed “Conditions of the Underwriting Agreement” under the section headed “The Underwriting Arrangement for the Open Offer” in this “Letter from the Board” below are not fulfilled (or waived, as the case may be) or the Underwriting Agreement is terminated by the Underwriter on or before the Open Offer Settlement Date, the Open Offer will not proceed, and any application monies paid will be refunded, without interest, by means of a cheque to be despatched by ordinary post to the registered addresses of the relevant Qualifying Shareholders by not later than Thursday, 30 January 2020, at their own risk.

### **THE IRREVOCABLE UNDERTAKINGS**

#### **The Underwriter’s undertaking**

Pursuant to the Irrevocable Undertaking, Faith Mount has irrevocably undertaken to the Company (i) to apply and pay or procure application and payment for all Open Offer Shares which will be in the assured allotment of Open Offer Shares in respect of the 205,125,000 Shares beneficially owned by it; (ii) that it will remain to be the beneficial owner of the 205,125,000 Shares at the close of business on the Record Date; and (iii) to procure that the application for the Open Offer Shares shall be lodged with the Registrar or the Company, in accordance with the terms of the Prospectus Documents, provided that the Whitewash Waiver having been granted by the Executive prior to the Posting Date and not having been revoked or withdrawn.

#### **The Optionholders’ Undertakings**

Each of the Optionholders (being Mr. Lin Chuen Chow, Andy, an executive Director, and Mr. Niglio, the non-executive Director) has given his irrevocable undertaking to the Company and Faith Mount to the effect that he will not exercise any of his Share Options on or before the Record Date. Please refer to the paragraphs headed “Issue Statistics” under the section headed “The Open Offer” in this “Letter from the Board” above for details of the Share Options outstanding and the Optionholders.

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## LETTER FROM THE BOARD

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### THE UNDERWRITING ARRANGEMENT FOR THE OPEN OFFER

#### Principal terms of the Underwriting Agreement

Date	:	14 October 2019, as amended and supplemented by a letter of extension dated 29 November 2019
Parties	:	(i) The Company; and (ii) Faith Mount, being the Underwriter of the Open Offer and a substantial shareholder of the Company
Number of Open Offer Shares underwritten	:	All such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing End Date
Commission	:	Nil

The Board considers that the Underwriting Agreement as part of the arrangement under the Open Offer is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

#### Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment or waiver, where permitted, of the following conditions:

- (i) the granting of the Whitewash Waiver to the Underwriter by the Executive and the fulfilment of all conditions (if any) attached to it, and such Whitewash Waiver not having been revoked or withdrawn;
- (ii) the passing at the EGM of necessary resolution(s) by the Independent Shareholders to approve the Open Offer and the Whitewash Waiver and the transactions contemplated thereunder, at which the voting shall be taken on a poll and in accordance with the Listing Rules and the Takeovers Code;
- (iii) the registration of the Prospectus Documents (with all documents required to be attached thereto according to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) (all having been duly authorized for registration by the Stock Exchange and signed by or on behalf of all Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance no later than the Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Non-Qualifying Shareholders on or before the Posting Date;

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## LETTER FROM THE BOARD

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- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Open Offer Shares by no later than the first day of their dealings as stated in the Prospectus;
- (vi) compliance with and performance of all undertakings and obligations of the Underwriter pursuant to the terms and conditions of the Underwriting Agreement;
- (vii) compliance with and performance of all undertakings and obligations of the Company pursuant to the terms and conditions of the Underwriting Agreement; and
- (viii) the warranties of the Company remaining true, accurate and not misleading in all material respects.

Conditions precedent in (i) to (v) above cannot be waived. Save and except for conditions precedent in (i) to (v) above, the Company can waive the condition precedent in (vi) and the Underwriter can waive the conditions precedent in (vii) and (viii). In the event that the conditions precedent shall not be fulfilled or waived (as the case may be) in whole or in part by the Underwriter (in respect of the Company's obligations under (vii) and (viii) above) and the Company (in respect of the Underwriter's obligations under (vi) above) on or before the Posting Date (or such later date or time as the Underwriter and the Company may agree in writing), all liabilities of the parties thereto shall cease and determine (save and except for certain clauses which shall remain in full force and effect as set out in the Underwriting Agreement) and none of the parties thereto shall have any claim against the other parties for costs, damages, compensation or otherwise save for antecedent breaches (if any). As at the Latest Practicable Date, conditions precedent (i) and (ii) have been fulfilled.

The Company shall use all reasonable endeavours to procure the fulfilment of the conditions in (iii) to (v), (vii) and (viii) above (unless otherwise waived by the Underwriter in respect of (vii) and (viii)) by the Posting Date, and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Open Offer and the arrangements contemplated by the Underwriting Agreement. The Underwriter also agrees to furnish such information, supply such document, give such undertakings and do all the things required to be done by it that are reasonably necessary to give effect to the Open Offer and the arrangements contemplated by the Underwriting Agreement.

### **Termination of the Underwriting Agreement**

Terms in relation to the termination of the Underwriting Agreement are summarized in the section headed "Termination of the Underwriting Agreement" in this Prospectus.

### **Information of the Underwriter**

Faith Mount is wholly owned by Ms. Lin Yee Man and is principally engaged in investment holding. It is the intention of Faith Mount to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. Faith Mount has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.



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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE IN THE PRECEDING TWELVE-MONTH PERIOD

The Company has not conducted any fund raising activity in the past twelve months immediately prior to the Announcement and up to and including the Latest Practicable Date.

### POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the Latest Practicable Date, the Company has 8,356,620 outstanding Share Options under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 8,356,620 new Shares at the exercise price of HK\$0.61 per Share. The 8,356,620 outstanding Share Options are exercisable during the period from 1 April 2016 to 31 March 2026. For further details in relation to the identity of the Optionholders and the number of Share Options held by each Optionholder, please refer to the paragraph headed “Issue Statistics” under the section headed “The Open Offer” in this “Letter from the Board” above.

Pursuant to the Share Option Scheme, in the event of any capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of the Company whilst any Share Options remains exercisable, the auditors of the Company shall certify in writing that any corresponding adjustment required to be made to the subscription price or the number of Shares to be issued on exercise of the Share Options or the method of exercise of the Share Options is in their opinion fair and reasonable and provided that any such adjustments give the participant of the Share Option Scheme the same proportion of the equity capital of the Company as to which that person was previously entitled. No such adjustment may be made to the extent that a Share will be issued at less than its nominal value.

As a result of the Open Offer, there may be adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme. The estimated adjustments are set out below:

<b>Date of grant of the outstanding Share Options</b>	<b>Immediately before the Open Offer</b>		<b>Immediately after the Open Offer</b>	
	<b>Exercise price per Share (HK\$)</b>	<b>Number of Shares to be issued upon full exercise of the outstanding Share Options</b>	<b>Adjusted exercise price per Share (HK\$)</b>	<b>Adjusted number of Shares to be issued upon full exercise of the outstanding Share Options</b>
1 April 2016	0.61	8,356,620	0.4979	10,237,110

The Company will appoint its auditor to certify in writing the adjustments to the Share Options and that such adjustments are in accordance with the terms and conditions of the Share Option Scheme. Further announcement will be made by the Company in relation thereto as and when appropriate.

# LETTER FROM THE BOARD

## EFFECT OF THE OPEN OFFER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

	(i) As at the Latest Practicable Date		(ii) Immediately upon the Open Offer Completion assuming full acceptance by all Qualifying Shareholders under the Open Offer		(iii) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than Faith Mount) under the Open Offer; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements		(iv) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than Faith Mount) under the Open Offer and; (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Faith Mount	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Faith Mount (Note 1)	205,125,000	29.62	574,350,000	29.62	574,350,000	29.62	1,451,511,015	74.87
<b>Sub-total (Faith Mount and parties acting in concert with it)</b>	<b>205,125,000</b>	<b>29.62</b>	<b>574,350,000</b>	<b>29.62</b>	<b>574,350,000</b>	<b>29.62</b>	<b>1,451,511,015</b>	<b>74.87</b>
Independent places	-	-	-	-	877,161,015	45.24	-	-
Mr. Wong Yau Shing (Note 2)	108,000,000	15.60	302,400,000	15.60	108,000,000	5.57	108,000,000	5.57
Other public Shareholders	379,311,675	54.78	1,062,072,690	54.78	379,311,675	19.56	379,311,675	19.56
<b>Sub-total for public Shareholders</b>	<b>379,311,675</b>	<b>54.78</b>	<b>1,062,072,690</b>	<b>54.78</b>	<b>487,311,675</b>	<b>25.13</b>	<b>487,311,675</b>	<b>25.13</b>
<b>Total</b>	<b>692,436,675</b>	<b>100</b>	<b>1,938,822,690</b>	<b>100</b>	<b>1,938,822,690</b>	<b>100</b>	<b>1,938,822,690</b>	<b>100</b>

*Notes:*

- Faith Mount is wholly-owned by Ms. Lin Yee Man. According to the Takeovers Code, Ms. Lin Yee Man is a party acting in concert with Faith Mount by virtue of her shareholding in Faith Mount. As at the Latest Practicable Date, Ms. Lin Yee Man did not have any other interest in Shares apart from her deemed interest in the 205,125,000 Shares owned by Faith Mount by virtue of Part XV of the SFO.
- As at the Latest Practicable Date, Mr. Wong Yau Shing was a substantial Shareholder (as defined in the Listing Rules) and a core connected person of the Company (as defined in the Listing Rules). Therefore, the Shares held by Mr. Wong Shing Yau would not be counted towards the public float of the Company as at the Latest Practicable Date. In the event that Mr. Wong Shing Yau does not accept his assured allotment under the Open Offer, his shareholding in the Company will be reduced to approximately 5.57% upon the Open Offer Completion as illustrated above and he will cease to be a substantial Shareholder and a core connected person of the Company. In such case, the Shares held by Mr. Wong Shing Yau will be counted towards the public float of the Company under the Listing Rules upon the Open Offer Completion.

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## LETTER FROM THE BOARD

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As illustrated above, if no Qualifying Shareholders take up the Open Offer Shares and no Unsubscribed Shares can be placed to independent placees, the shareholding of the existing public Shareholders would be reduced from approximately 70.38% as at the Latest Practicable Date to approximately 25.13%, and the shareholding of Faith Mount would be increased from approximately 29.62% as at the Latest Practicable Date to approximately 74.87%, upon the Open Offer Completion.

Faith Mount has undertaken to the Company under the Underwriting Agreement that if the subscription for the Unsubscribed Shares by Faith Mount pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, Faith Mount shall, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by Faith Mount under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08 (1)(a) of the Listing Rules.

**If a Qualifying Shareholder does not subscribe for his/her/its assured allotment in full under the Open Offer, his/her/its proportionate shareholding in the Company will be diluted.**

### REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

#### Information of the Group

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

#### Use of Proceeds

The gross proceeds from the Open Offer are expected to be approximately HK\$149.57 million. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$145.07 million. The net Open Offer Price per Open Offer Share is expected to be approximately HK\$0.116. The Company intends to apply the net proceeds from the Open Offer as follows:

- (i) approximately HK\$130.00 million to expand the Group's money lending business; and
- (ii) approximately HK\$15.07 million as general working capital for the Group's business.

#### Reason for the Open Offer

The Company's funding need primarily originated from the Group's business development with an aim to generate better return to the Company and its Shareholders as a whole. Without the funds to be raised from the Open Offer, the Group's money lending business could not be further developed at a faster pace and a larger scale without the incurrance of finance costs.

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## LETTER FROM THE BOARD

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The Board believes that it would be in the interest of the Company to raise equity funding via the Open Offer to facilitate long-term development of the Group. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Non-Qualifying Shareholders) to participate in the growth of the Company in proportion to their shareholdings. The Board also considers that it remains an appropriate timing and circumstances to conduct the Open Offer at the Open Offer Price and at such ratio in order to capture opportunities in money lending business when arise.

### *Money Lending Business*

#### *Development of the Group's money lending business since commencement*

The Group commenced the money lending business during the year ended 30 June 2017. Revenue generated from the money lending business increased significantly from approximately HK\$1.1 million for the year ended 30 June 2017 to approximately HK\$20.6 million for the year ended 30 June 2019. With the financial support from the Group, the operating scale of the money lending business has been expanded considerably. The Group's gross loans receivable from customers increased from approximately HK\$65 million as at 30 June 2017 to approximately HK\$252 million as at 30 June 2018 and approximately HK\$313 million as at 30 June 2019. The Directors consider that the money lending market in Hong Kong has a good business prospect.

#### *Business model of the Group's money lending business*

The Group's money lending customers are mainly individuals and corporations, which were sought through referrals by the Directors, the Group's senior management and Independent Third Parties. The Group also cooperates with other licensed money lenders to explore loan opportunities.

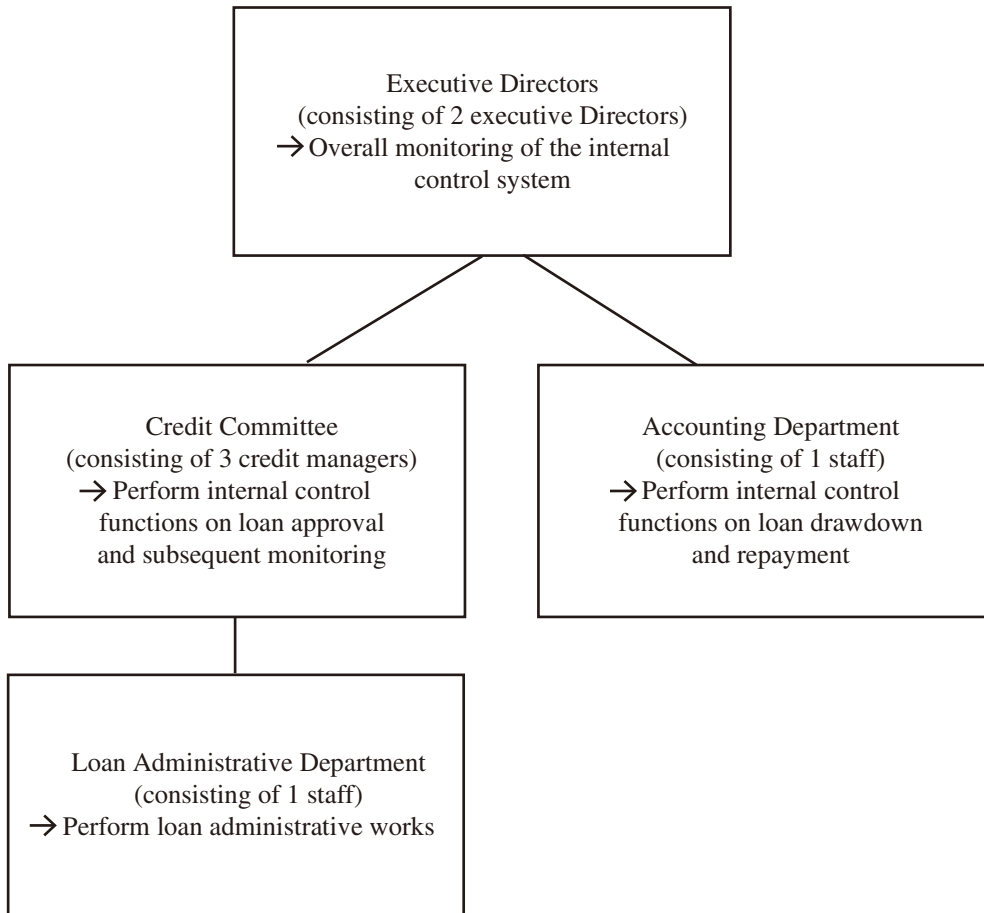
An internal control system has been implemented to monitor the operations and overall compliance of the Group's money lending business. The internal control and risk management functions are mainly performed by the Group's credit committee for money lending business (the "**Credit Committee**") and the executive Directors. The Credit Committee plays an indispensable role in the Group's internal control system for money lending business, being responsible for the matters regarding the overall effectiveness of the compliance with the internal guidelines set on loan application, loan approval, loan acceptance, subsequent credit assessment of customers, and also the Group's full compliance with the relevant laws and regulations such as the Code of Money Lending Practices. The Credit Committee will periodically directly report to the executive Directors, ensuring that all the necessary approvals from the executive Directors have been obtained in accordance with the Group's internal guidelines. The corresponding administrative works and accounting

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## LETTER FROM THE BOARD

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works are performed by the Group's loan administrative officer and accounting team member, respectively. The chart below illustrates the relationship among the Credit Committee, the Group's loan administration department, accounting department and the executive Directors.

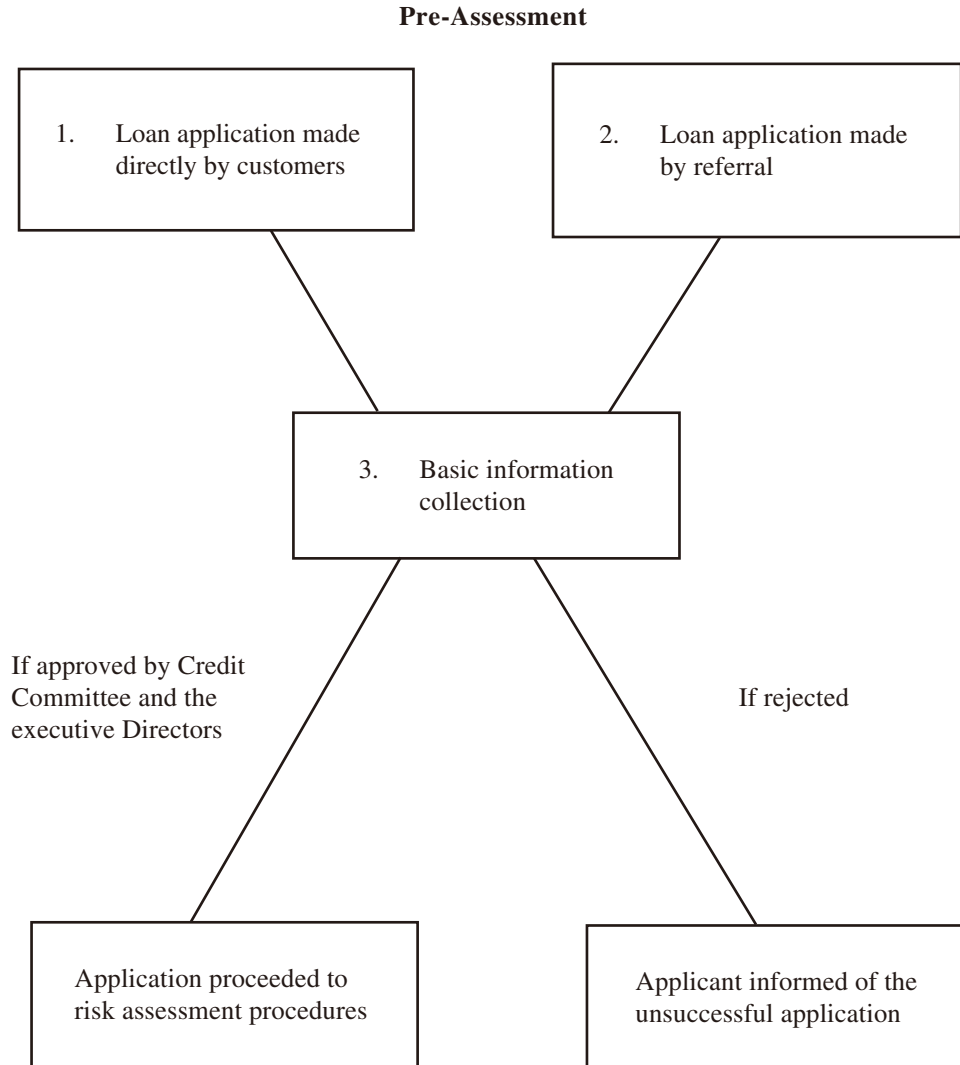


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## LETTER FROM THE BOARD

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The following flow chat shows the general overview of the major steps involved in the operation for a loan application in the Group's money lending business:

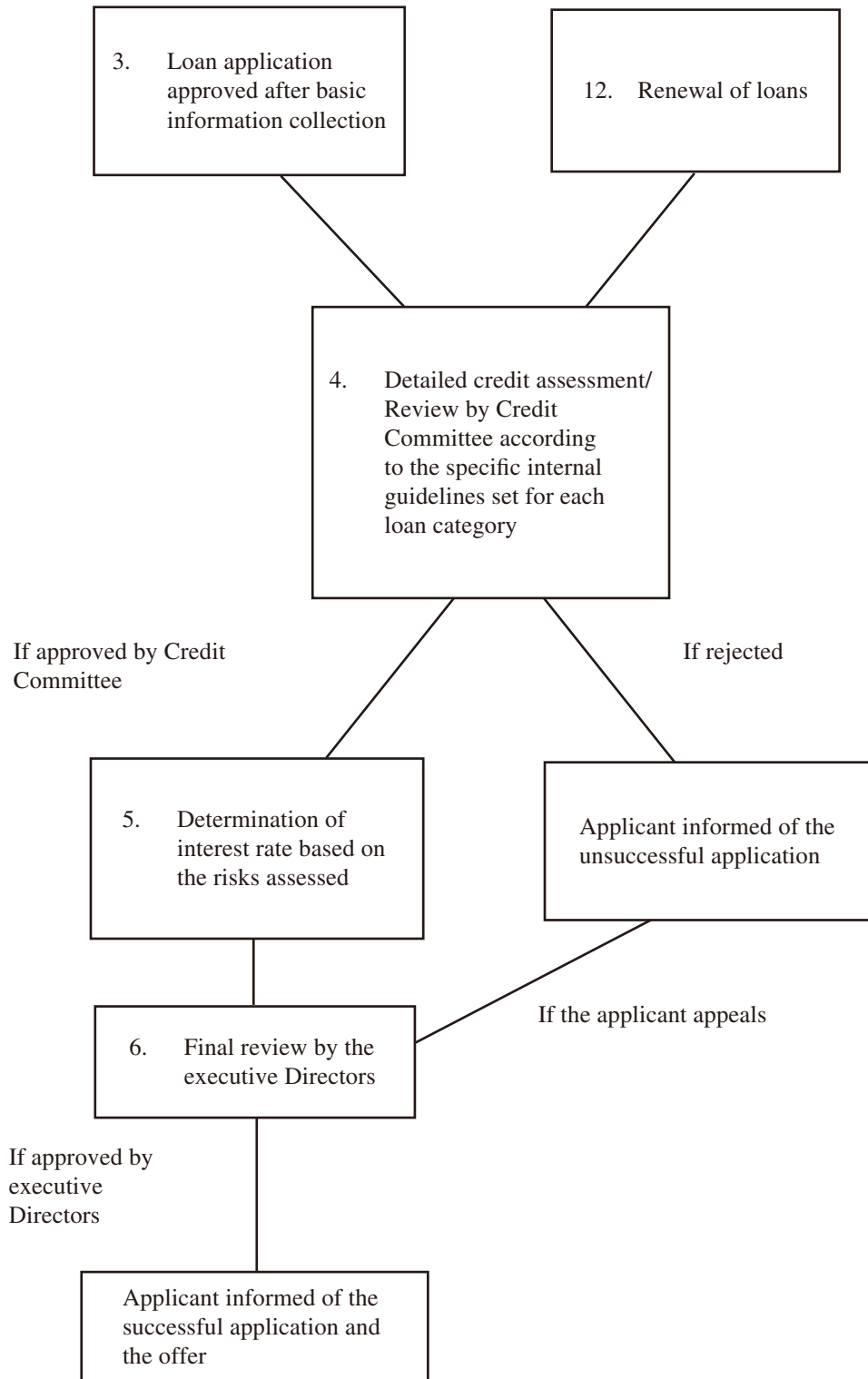


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# LETTER FROM THE BOARD

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## Risk Assessment

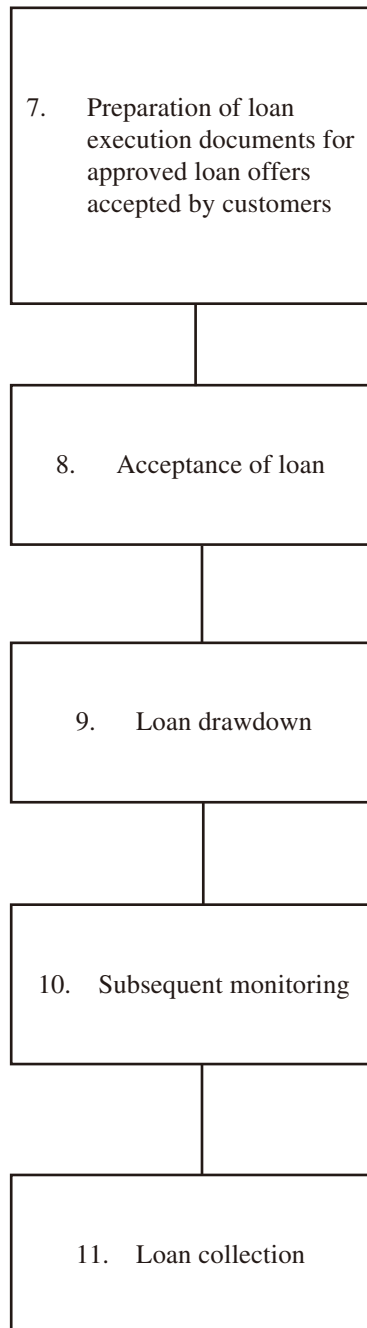


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## LETTER FROM THE BOARD

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### After Assessment and Approval



Further details in relation to the steps involved in the operation for a loan application and the relevant risk control procedures are set out below.

#### Steps 1 & 2 – Loan application

The Company will either receive applications of loan directly from the customers or referred by third parties.



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## LETTER FROM THE BOARD

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### Step 3 – Basic information collection

The Group will require customers to supply identification documents and valid proof of his/her addresses if the customer is an individual, while customers who are corporations will be required to submit their certificates of incorporation, business registration certificates, latest annual returns and business licenses. All the relevant background checks and preferred contract terms will be taken into considerations before accepting a loan, including but not limited to the proposed use of loan, details of the collateral, proposed means of repayment, preferred duration of loan, documentation showing ownership and/or value of the collateral to be pledged and the financial records of the individual/corporate guarantors. To ensure that the borrower is creditworthy, the Group may require customers to provide a credit check on themselves through credit reports. The Group may also conduct litigation, bankruptcy and/or winding-up searches on the borrowers if necessary. The Credit Committee will decide whether or not to proceed with an application after assessing the initial information provided in accordance with the internal guidelines, which are then subject to the review and approval from the executive Directors.

### Step 4 – Risk assessment/review

If the preliminary basic information assessment is satisfactory to the Credit Committee and the executive Directors, the loan application will proceed to the stage of detailed risk assessment. Specific internal guidelines regarding each of the loan categories in the credit assessment/review performed by the Credit Committee are summarized below:

#### Mortgage loan:

As the largest group in the Group's loan portfolio, mortgage loans are granted to customers with the real estate assets as security. The Group's principal mortgage loan products include first and second mortgage loans. The Group has therefore set a clear guideline on the loan-to-value ratios for granting mortgage loans. The rule is applicable to both first and second mortgage loan. A higher assessment requirement is set for applications with higher loan-to-value ratios. The Group's loan administrative team will perform land search on the property to be used as collaterals. The Group will engage independent professional valuers to produce valuation reports on the properties to be charged. In assessing the risk of mortgage loan applications, the Credit Committee will consider and assess all the relevant factors including:

- (i) the credit history and profile of customers;
- (ii) property type, historical ownership and location of the properties to be used as collaterals;
- (iii) overall market condition;
- (iv) the basis and assumptions used in the valuation reports;
- (v) stamped tenancy agreement if the property is rented;
- (vi) verbal estimated market value of the properties provided by commercial banks or independent professional valuers;

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## LETTER FROM THE BOARD

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- (vii) property transaction data available publicly;
- (viii) the quoted market price of the properties provided by real estate agents; and
- (ix) the official documents regarding the first mortgage loan in the case of a second mortgage loan.

### Second mortgage loan applications:

For applications for second property mortgage loan, the Group will examine, in additions to the above-mentioned factors for all mortgage loan applications, all the relevant documents regarding the corresponding first mortgage applied, including the official legal documents of the first mortgage and the repayment schedule showing the outstanding amount of the pledged property. The Group will also consider the identity of the first mortgagee. Any increase in assessed credit risk will be reflected in the higher interest rate offered to customers.

All the relevant documents and the assessment results will then be recorded and documented in a master loan file if the loan application satisfies the assessment of the Credit Committee. As an internal policy of the Group, all the loan applications will then be subject to the final review and approval of the executive Directors before a loan is granted.

### Pledge share loans

Out of the loans that the Group granted to its customers, the second largest proportion is attributable to pledge share loans. The Group accepts both listed share and unlisted shares as collaterals. This loan category is granted with reference to the valuation of shares. In view of the fluctuation of share price in current stock market, the Group generally assesses the value the pledged shares, both listed and unlisted, based on the net asset value of the company whose shares are to be pledged. Customers are requested to provide the audit reports and the latest management accounts of the company whose shares are to be pledged, which will then be assessed by the Credit Committee. According to the internal guidelines, the Group, in principle, set a maximum loan-to-value ratio for its pledge share loans as collateral, including listed and unlisted shares, except for those with individual/corporate guarantee provided by customers. The Group also relies on various sources to determine the estimated valuation of the shares, including internet research on recent transaction prices (if available) and background search on the company whose shares are to be pledged. If necessary, the Group may engage independent professional valuers to produce valuation reports on the pledged shares. All the relevant documents and the assessment results will be recorded and documented in a master loan file, which will then be subject to the final review and approval of the executive Directors before a loan is granted.

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## LETTER FROM THE BOARD

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### Personal loans

The Group also accepts personal loans secured against any assets or properties, with personal or corporate guarantee or with post-dated cheques provided. For this type of loans where credit risk is the greatest among the Group's loan portfolio, the Group pays special attention to the valuation of the collaterals in order to minimize risks and determine the loan amount throughout the loan application. As a general rule, the maximum loan amount will be limited to the total amount of pledged assets and guarantees. If the total loan amount requested by the borrower is beyond the total amount of collaterals, the application will be assessed on a case-by-case basis by the Credit Committee, and the higher credit risk will be generally reflected in the increase in interest rate offered to the borrower. All the relevant documents and the assessment results will be recorded and documented in a master loan file, which will then be subject to the review and approval of the executive Directors before a loan is granted.

### Step 5 – Determination of interest rates offered to customers

If the loan application satisfies the Group's credit and risk assessment by the Credit Committee, the Credit Committee will determine the interest rate offered to customers on a case-by-case basis. As a general rule, the interest rates offered for second mortgage loans are higher than those for first mortgage loans, while the loan applications with pledged assets tends to have an interest rate lower than personal loans. Under the Group's internal guidelines, due consideration will be given to the following factors in determination of interest rate offered to its customers:

- (i) credit risk associated with the customers;
- (ii) risk associated with the value of pledged assets;
- (iii) loan-to-value ratio;
- (iv) market interest rate;
- (v) overall economic and business environment;
- (vi) status of property market in which the pledged properties are located;
- (vii) the interest rate of other borrowings stated in the audit report(s) of the pledged shares company;
- (viii) credit score of customers;
- (ix) availability of personal or corporate guarantee;
- (x) term of loans; and
- (xi) agreed interest repayment pattern (i.e. on a monthly basis or half-yearly basis).

In general, the interest rates charged ranged from 5.25% to 9% per annum for first mortgage loans and were 15% per annum for second mortgage loans. The interest rates offered for pledge share loan ranged from 7.2% to 8% per annum while the interest rates charged to the Group's customers for personal loans ranged from 10% to 36% per annum.

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## LETTER FROM THE BOARD

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### Step 6 – Final review and approval by the executive Directors

Once the information gathered has satisfied the Group's requirement and passed the assessment of the Credit Committee, all the findings, together with the calculation basis of determined interest rate, will be documented and recorded in a master loan file. The application will then proceed to the final review and approval by the executive Directors. Under the Group's internal guidelines, all loan applications have to be approved by all executive Directors. The loan application will be successful upon obtaining approval from all the executive Directors. The Group's loan administrative officer will then inform the customers of the loan offered by the Group. If accepted, all the necessary documents will then be passed to legal advisers for preparation of loan execution documents.

### Step 7 – Preparation of loan execution documents

Most of the Group's loan execution documents are prepared by its legal advisers including but not limited to the loan agreement, guarantee agreement, mortgage deed and borrower's declaration, which are then subject to the review of and approval from the Credit Committee. The repayment schedule will be prepared by the Group's accounting department in accordance with the mutually agreed terms between the Group and the relevant borrowers. All the loan execution documents will be subject to final review by the executive Directors before execution.

### Step 8 – Acceptance of loan

When all the loan execution documents are finalized, the loan applicants will be invited to sign all the loan execution documents at the Group's office. They will be reminded to provide original documents for identity verifications and proof(s) of address(es) for both of the Group's individuals and corporate customers prior to the signing of loan execution documents. The original copies and/or certified true copies of all the supporting documents will also be required to be presented for inspection by the Credit Committee. A loan application checklist for each loan type will be provided to the Credit Committee to ensure that all necessary supporting documents has been obtained in accordance with the Group's internal guidelines. After the Credit Committee confirms that all the original copies and/or certified true copies of the documents available for inspection are consistent with those provided previously, the customers will then be provided with all the loan execution documents together with the repayment schedules for signing. In the case of mortgage loans, the Group's legal advisers will be informed by the Credit Committee to register the mortgage at the Land Registry thereafter.

### Step 9 – Loan drawdown

After the loan documents are executed, the Group's accounting department will prepare the loan drawdown in accordance with the principal loan amount and drawdown date as stated on the loan documents. In general, the loan principal will be drawn by means of cheques unless other means of payment are requested by customers. The cheques for loan drawdown will be prepared by the Group's accounting staff, which will then be subject to the approval from the executive Directors. The cheques will be given to customers on the agreed drawdown date.

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## LETTER FROM THE BOARD

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### Step 10 – Subsequent monitoring

#### (I) Periodic monitoring

##### (a) Subsequent payment record

The subsequent repayment record will be closely monitored by the Group's accounting team. In the event of failure to repay interest or principal amount by its due date, the Group's accounting team will immediately inform the Credit Committee. A reminder will then be issued by the Group's loan administration department to the relevant customer. In case of default, subject to the approvals from the executive Directors, the Group may enforce the security and auction or sell off the collateral to recover the loan. Since the commencement of the Group's money lending business, all of the principal and interest of the loans granted had been collected in accordance with their corresponding repayment schedules and thus there is no record of default or delay of repayment by any of the Group's customers.

##### (b) Subsequent valuation of collaterals

The valuation of the collaterals of the Group's loan portfolio is highly dependent on the overall business environment in Hong Kong as most of them are residential properties in Hong Kong and the principal activities of the companies whose shares are pledged are mainly operated in Hong Kong. The Credit Committee will periodically review the following source to assess the subsequent valuation of the collaterals:

- (i) Property price index in Hong Kong;
- (ii) Property transaction volume in Hong Kong;
- (iii) The transaction record of the properties used as collaterals;
- (iv) Property market value assessed by commercial banks of the properties used as collaterals;
- (v) The quoted price of the properties used as collaterals by real estate agents;
- (vi) The relevant public data of the industry in which the pledged share companies are operated; and
- (vii) The recent quoted share price of the comparable listed company of the pledged share company.

The above-mentioned references will be taken into consideration to compare against the initial valuation of the collaterals made on the date of the relevant loan is granted. Special attention will be paid to those collaterals if there is a potentially higher credit risk. Independent professional valuers may be appointed to produce an updated valuation report on the collaterals if necessary.

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## LETTER FROM THE BOARD

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*(c) Cap on change in fair value of collaterals and credit score*

After the loan is approved, the Credit Committee will periodically review the status of the collaterals of the existing customers to determine the maximum credit levels granted to the customers. According to the Group's internal guidelines, the maximum credit levels may be reduced if its threshold criteria cannot be met. If the criteria cannot be met, the credit level granted to the customers will be assessed again by the Credit Committees on a case-by-case basis. As a general rule, customers will be required to make partial repayment to maintain the loan-to-value ratio.

**(II) Annual monitoring**

Customers who use pledged shares as collaterals will be required to provide the annual audit report of the pledged shares company prepared by an independent professional auditor. It is an effective policy to monitor the net asset value of the pledged shares company annually and to ensure the net asset values remain the Group's acceptable loan-to-value range. The Credit Committee will work closely with the Group's accounting team on the understanding of the relevant audit report provided by the customers.

The Group measures loss allowance under HKFRS 9 ECL model. The measure 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, collateral values, credit rating of customers and adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

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## LETTER FROM THE BOARD

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Elements of the ECL models that are considered accounting judgements and estimates include:

- the Group’s estimation of probabilities of default to individual customers;
- the Group’s criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures; and
- determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default.

The Group categorises the credit quality of its loans receivable and interest receivables according to 3 different stages under the expect credit loss (ECL) model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL

It is the Group’s policy to regularly review (e.g. Interim review and annual audit) its model in the context of actual loss experience and adjust when necessary.

In assessing whether the credit risk has increased significantly since initial recognition, the 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 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.

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;

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## LETTER FROM THE BOARD

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- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

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

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group collects performance and default information about its credit risk exposures and analyses all data collected and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate.

The Group uses different criteria to determine whether credit risk has increased significantly and the 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 Group has reasonable and supportable information that demonstrates otherwise.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

### Definition of default

The 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.

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



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## LETTER FROM THE BOARD

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Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the 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 reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

### Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

### Step 11 – Loan collection

The Group has set out an internal guideline for dealing with loan and interest repayment default. Upon a loan principal and/or interest repayment is in default, the Group may commence taking actions which initially start from sending reminder emails, demand letters, and eventually to taking legal actions.

Subject to the approvals of the executive Directors, the Group may then enforce the security and auction or sell off the collaterals to recover the loan once court order is obtained. In case of loans that are secured by personal/corporate guarantees, the relevant guarantors will also be requested to settle the guaranteed amount. According to the Group's internal policy, no loan collection companies will be appointed in the event of a repayment default.

### *Status of the Group's money lending business*

As at 30 June 2019, the Group's gross loans receivable from customers was approximately HK\$313 million, of which (i) approximately 58% were mortgage loans; (ii) approximately 39% were pledged share loans; and (iii) approximately 3% were personal and other loans.

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## LETTER FROM THE BOARD

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The customers of the Group's money lending business mainly comprise individuals and corporations, which were sought through referrals by the Directors, the Group's senior management and Independent Third Parties. The Group also cooperates with other licensed money lenders to explore loan opportunities. For the financial year ended 30 June 2019, the corporate customers of the Group's money lending business include an investment company, financial service companies as well as a digital wallet operator.

As at 30 June 2019, the total loans extended to individuals were approximately HK\$187 million, among which HK\$42 million was recurring. The majority of loans to individuals were secured by pledge of property as collaterals, with interest rates ranging from 5% to 24% per annum. The maturity of such loans to individuals fall within December 2019 and October 2020.

As at 30 June 2019, the total loans extended to corporations were approximately HK\$125 million, among which approximately HK\$3.0 million was recurring. The majority of loans to corporation were secured by pledge of private company shares as collaterals, with interest rates ranging from 7% to 10% per annum. The maturity of such loans to corporations fall within December 2019 to April 2020.

### *Business plan of the Group's money lending business*

Since its commencement, the Group's money lending business was principally financed through the Group's internal resources. The Group did not obtain external funding to finance the development of its money lending business.

The Group plans to add HK\$200 million to the total loan principal available for its money lending business, of which HK\$130 million is intended to be financed through the net proceeds from the Open Offer and the remaining HK\$70 million is expected to be financed by the Group's internal resources.

As disclosed in the annual report of the Company for the year ended 30 June 2019, the Group has an intention to keep developing the money lending business. To ensure the Group has sufficient funds to further expand the money lending business, the Directors consider that there is a need for fund raising. The Group operates the money lending business without any external funding sources. The Company considers that given the incurrence of finance costs, external funding sources such as debt and bank financing are not appropriate and are not in the best interests of the Group in developing its money lending business. Taking into account the business plan of the Group's money lending business as set out above, the Company considers that additional capital required for its money lending business development shall not be reliant on the existing cash level and/or internal financial resources of the Group as well as debt financing. The Company also considers that it has to accelerate its fund raising activities and enhance its capital in order to further develop its money lending business, without incurrence of finance costs, to seize the strategic opportunities of the Group's money lending business and realise its strategic objectives. Based on the historical development progress of the Group's money lending business, the Company intends to allocate HK\$130 million of the net proceeds from the Open Offer to accelerate the development of the Group's money lending business within the year ending 30 June 2020 in the following manner:

- (i) approximately 60% or HK\$78 million to be allocated to mortgage loans;
- (ii) approximately 30% or HK\$39 million to be allocated to pledged share loans; and
- (iii) approximately 10% or HK\$13 million to be allocated to personal and other loans.

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## LETTER FROM THE BOARD

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### *General Working Capital*

In light of the recent social unrest in Hong Kong since June 2019, the hotel industry in Hong Kong has been adversely affected due to the drop in number of tourists coming to Hong Kong, which may have an adverse impact on the Group's hotel operation business. Despite the Directors remaining cautiously optimistic on the hotel business in Hong Kong in long term, the Group considers to apply part of the proceeds as additional general working capital for the Group, including but not limited to the hotel operation business, for the years ending 30 June 2020 and 2021 as follows:

- (i) approximately HK\$12.07 million will be retained for the general working capital requirements of the Group's hotel operation business, which primarily comprise staff costs, repair and maintenance, and marketing expenses for the two years ending 30 June 2021; and
- (ii) approximately HK\$3.0 million will be retained for additional general working capital of the Group (excluding the Group's hotel operation business), which primarily comprises staff costs and the Directors' remuneration for the two years ending 30 June 2021.

### **Alternative Fund Raising Methods**

The Directors have considered alternative fund raising methods which include debt financing, placing of new Shares or a rights issue.

The Board is of the view that debt financing would result in additional finance costs and increase the Group's liabilities burden. The Board also considers that debt financing is not an appropriate option to obtain additional funds in particular for its money lending business. The Board is also of the view that placing of new shares (i) would only be available to certain placees who may not necessarily be existing Shareholders and would dilute the shareholding of existing Shareholders; and (ii) may only raise funds in a relatively smaller size.

Pursuant to Rule 7.18 of the Listing Rules, a rights issue is an offer by way of rights to the existing Shareholders in proportion to their existing shareholding. Considering the nature of rights issue which allows the trading of nil-paid rights, the Board is of the view that the Company will have to incur extra administrative work (including costs to professional parties) and cost for the trading arrangements of the nil-paid rights in rights issue, the cost of which is estimated to be at least HK\$250,000 to HK\$300,000. Besides, extra administrative work which could not be quantified in monetary terms will be involved for trading arrangements of the nil-paid rights in rights issue and the Board considers that this would create heavier burden on the Group as compared to an open offer. Considering that additional administrative work, costs and time that will be inevitably incurred for trading arrangements of the nil-paid rights in rights issue, yet the placing commission for the Unsubscribed Arrangements will only be incurred if (i) there are any Unsubscribed Shares to be placed by the Placing Agent; and (ii) such Unsubscribed Shares are placed successfully, the Board does not consider that rights issue would be in the overall interests of the Company and its Shareholders.

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## LETTER FROM THE BOARD

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In view of the above, the Directors do not consider that debt financing or equity fund raising methods by way of placing of new shares or rights issue would be in the overall interests of the Company and its Shareholders. Pursuant to Rule 7.23 of the Listing Rules, an open offer is an offer to existing Shareholders to subscribe for Shares whether or not in proportion to their existing holdings. Accordingly, the Directors consider the Open Offer to be an appropriate method to raise the necessary funding which will provide all Qualifying Shareholders the right to participate in the new share issue by the Company in proportion to their shareholding in the Company should they wish to do so. It is prudent to finance the Group's long-term business development by long-term financing, in the form of Open Offer which will not increase the Group's finance costs.

Having considered the above, the Directors consider that the terms of the Open Offer are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### THE WHITEWASH WAIVER

As at the Latest Practicable Date, Faith Mount is the beneficial owner of a total of 205,125,000 Shares, representing approximately 29.62% of the entire issued share capital of the Company. Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Open Offer; (ii) none of the Qualifying Shareholders other than Faith Mount have taken up their entitlements under the Open Offer; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangement, the interests in the Company held by Faith Mount upon the close of the Open Offer will increase from the current level of approximately 29.62% to approximately 74.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Open Offer Shares. Faith Mount will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code.

On 13 December 2019, the Executive conditionally granted the Whitewash Waiver, subject to (i) the Whitewash Waiver and the Open Offer being separately approved by at least 75% and more than 50% respectively of the independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at the EGM, to be taken on a poll; and (ii) unless the Executive gives prior consent, no acquisition or disposal of voting rights of the Company being made by the Underwriter and its concert parties between the date of the Announcement and the completion of the issue of the Open Offer Shares.

Condition (i) of the Whitewash Waiver above has been fulfilled as at the Latest Practicable Date and it is expected that condition (ii) of the Whitewash Waiver above will be fulfilled upon completion of the issue of the Open Offer Shares. Accordingly, the Underwriter will not be required to make a mandatory general offer for all the Shares currently in issue and not already owned or agreed to be acquired by it, as a result of the Underwriter performing its obligations under the Underwriting Agreement.

Upon completion of the Open Offer, the maximum potential holding of Faith Mount may exceed 50% of the then total number of issued Shares in which case, Faith Mount may increase its shareholding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

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## LETTER FROM THE BOARD

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### WARNING OF THE RISKS OF DEALING IN SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE OPEN OFFER IS CONDITIONAL UPON, AMONG OTHERS, CONDITIONS PRECEDENT AS SET OUT IN THE PARAGRAPH HEADED “CONDITIONS OF THE OPEN OFFER” IN THE “LETTER FROM THE BOARD” IN THIS PROSPECTUS ABOVE. ACCORDINGLY, THE OPEN OFFER MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES FROM THE DATE OF THIS PROSPECTUS UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE OPEN OFFER ARE FULFILLED WILL BEAR THE RISK THAT THE OPEN OFFER MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS, OPTIONHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE IN CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

### ADDITIONAL INFORMATION

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

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

**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 2017, 2018 and 2019, 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](http://www.hkexnews.hk)) and/or the Company ([www.richgoldman.com.hk](http://www.richgoldman.com.hk)):

- (i) annual report of the Company for the year ended 30 June 2017 dated 29 September 2017 (pages 44 to 112) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2017/1031/lt20171031459.pdf>;
- (ii) 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/lt20181029490.pdf>; and
- (iii) 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/lt20191018199.pdf>.

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 November 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, there are no unaudited outstanding interest-bearing bank loans and other borrowings.

The 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 30 November 2019.

**3. WORKING CAPITAL**

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Prospectus.

#### 4. MATERIAL CHANGE

The Directors confirmed that since 30 June 2019, 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 was no material changes in the financial or trading position or outlook of the Group and the general trend of the business of the Group, save and except as disclosed below:

- (i) the possible impacts on the Group's hotel operation business related to the drop in number of tourists coming to Hong Kong due to the recent continuous social incidents since June 2019. For the details of the prospects of the Group's hotel operation business, please refer to the paragraph headed "Reasons for the Open Offer and the Use of Proceeds" in the "Letter from the Board" of this Prospectus; and
- (ii) the possible continuous impacts on the Group's gambling business related to the termination of the gaming promotion agreement between Venetian Macau Limited and the junket operators in Macau in 2017, resulting in the decrease in number of VIP tables in the casino for operating the Group's junket business, as disclosed in the annual report of the Company for the year ended 30 June 2019, and the expiry of the existing license agreement between the Grand Lisboa and the junket operator in April 2020.

#### 5. BUSINESS AND FINANCIAL PROSPECTS OF THE GROUP

##### **Gaming-related business**

The Group's gaming revenue decreased by approximately 18.9% from approximately HK\$91.3 million for the year ended 30 June 2018 to approximately HK\$74.1 million for the year ended 30 June 2019. As disclosed in the annual report of the Company for the year ended 30 June 2019, the remaining junket operator is currently operating junket businesses in relation to a total of 8 VIP tables in the casino of Grand Lisboa. The Group would continue to monitor closely the performance of the junket operator and it is the Group's intention to continue to engage in the gaming sector in Macau through the junket operator.

##### **Money Lending Business**

The Directors consider that the money lending market in Hong Kong has a good business prospect. As disclosed in the annual report of the Company for the year ended 30 June 2019, the Group has both the potential and ability to further expand our money lending business and broadening our customer base. It is our Group's intention to keep developing the money lending business. The Open Offer will ensure the Group has sufficient funds to further expand the money lending business.

**Hotel Operations Business**

In light of the recent social unrest in Hong Kong since June 2019, the hotel industry in Hong Kong has been adversely affected due to the drop in number of tourists coming to Hong Kong, which may have adverse impact on the Group's hotel operation business. Nevertheless, the Directors remaining cautiously optimistic on the hotel business in Hong Kong in long term. The Group will keep developing the hotel operations business. The Open Offer will provide additional general working capital for the Group's hotel operation business.

**Property Leasing Business**

In April 2019, the Group had acquired the remaining 70% interests of a hotel property. The hotel property are 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 income stream for the Group. The Group intends to maintain such business in return for stable revenue.



**A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2019.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Open Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 30 June 2019, adjusted as described below:

<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 <i>(Note 1)</i> HK\$'000</b>	<b>Estimated net proceeds from the Open Offer <i>(Note 2)</i> HK\$'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2019 HK\$'000</b>
<u>1,125,021</u>	<u>145,070</u>	<u>1,270,091</u>
Audited consolidated net tangible assets per Existing Share before completion of the Open Offer <i>(Note 3)</i>		<u>HK\$1.62</u>
Unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share immediately after completion of the Open Offer <i>(Note 4)</i>		<u>HK\$0.66</u>

*Notes:*

1. The amount of audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2019 represents the equity attributable to the owners of the Company of approximately HK\$1,132,422,000 as extracted from the audited consolidated statements of financial position of the Group as at 30 June 2019 in the annual report published by the Company after deducting the intangible assets and goodwill of approximately HK\$4,757,000 (excluding the non-controlling interests in the intangible assets of approximately HK\$19,029,000) and HK\$2,644,000 respectively as at 30 June 2019.
2. The estimated net proceeds from the Open Offer are based on 1,246,386,015 Offer Shares at the Subscription Price of HK\$0.12 per Offer Share, after deduction of the share issue related expenses payable by the Company of approximately HK\$4,496,000.
3. Based on 692,436,675 Existing Shares in issue as at 30 June 2019 before completion of the Open Offer.
4. Based on 1,938,822,690 Consolidated Shares, on which:
  - (a) 692,436,675 Existing Shares in issue as at 30 June 2019; and
  - (b) 1,246,386,015 Offer Shares were in issued as at 30 June 2019, assuming that the Open Offer had been completed on 30 June 2019.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2019.

**B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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

RSM Hong Kong  
羅申美會計師事務所  
Certified Public Accountants

29th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong  
6 January 2020

The Board of Directors  
Rich Goldman Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Rich Goldman Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2019 as set out on pages II-1 to II-2 of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-2.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Open Offer on the Group's net tangible assets as at 30 June 2019 as if the Open Offer had been taken place at 30 June 2019. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's consolidated financial statements as included in the annual report for the year ended 30 June 2019, on which an audit report has been published.

**DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**OUR INDEPENDENCE AND QUALITY CONTROL**

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

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### REPORTING ACCOUNTANT'S RESPONSIBILITIES

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2019 would have been as presented.

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

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

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

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

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

We make no comments regarding the reasonableness of the amount of net proceeds from the Open Offer, the application of those net proceeds, or whether such use will actually take place as described under “Use of Proceeds” and “Reasons for the Open Offer” set out on page 23 of the prospectus.

**OPINION**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong  
*Certified Public Accountants*  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. DISCLOSURE OF INTERESTS

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

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

#### (a) *Interest in shares*

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

*(b) Interest in 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 <i>(Note)</i>
Mr. Nicholas J. Niglio	1 April 2016	HK\$0.610	1 April 2016 to 31 March 2026	4,178,310	0.60%
Mr. Lin Chuen Chow, Andy	1 April 2016	HK\$0.610	1 April 2016 to 31 March 2026	4,178,310	0.60%

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

Save as disclosed above, 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 entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial shareholders of the Company**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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	–	15.60%
Faith Mount Limited (Note 1)	Beneficial owner	1,082,286,015	–	156.30%
Ms. Lin Yee Man	Interest of controlled corporation	1,082,286,015	–	156.30%

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

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

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 any other member of the Group.

**3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS****(i) Interests in competing interests**

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in any business which competes or is likely to compete or have any other conflict of interest, either directly or indirectly, with the business of the 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 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 Group since 30 June 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**4. SHARE CAPITAL**

The issued share capital of the Company as at the Latest Practicable Date and upon the Open Offer Completion (assuming there is no other change in the number of Shares in issue) are as follows:

(i)	As at the Latest Practicable Date, the number of Shares in issue was	692,436,675
(ii)	Immediately following the Open Offer Completion	
	Number of Shares in issue as at the Latest Practicable Date	<u>692,436,675</u>
	<i>Plus:</i>	
	Number of Open Offer Shares to be allotted and issued under the Open Offer	<u>1,246,386,015</u>
	Total number of Shares in issue	<u><u>1,938,822,690</u></u>

All the issued Shares in the capital of the Company rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. No Shares have been issued since 30 June 2019, being the date on which the latest audited financial statements of the Group were made up. Except for the Open Offer Shares contemplated under the Underwriting Agreement, as at the Latest Practicable Date, no Shares, options, warrants, conversion rights or any equity and debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange. Accordingly, there are no dealing and settlement arrangements securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are or will be waived or agreed to be waived.

### The Share Option Scheme

As at the Latest Practicable Date, the Company had outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 8,356,620 new Shares, details of which are set out below:

Date of grant	Exercise period	Exercise price (HK\$)	Number of underlying Shares
1 April 2016	1 April 2016 to 31 March 2026	0.61	<u>8,356,620</u>

Save for the Share Options, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 6. 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 Prospectus:

- (i) a subscription agreement dated 14 December 2018 entered into between Divine Glory Global Limited (“**Divine Glory**”) and Dol-Fin Select Investment Fund SPC (“**Fund Company**”) in relation to the subscription of the participating, non-redeemable, non-voting share of par value US\$0.01 in the capital of the Fund Company designated as Class B Shares attributable to Dol-Fin Select Investment Fund SP, a segregated portfolio of the Fund Company, by Divine Glory at a total subscription amount of HK\$50,000,000;
- (ii) a sale and purchase agreement dated 26 February 2019 entered into among (i) Top Metro Ventures Limited (a direct wholly-owned subsidiary of the Company) as the purchaser; (ii) Take Billion Holdings Limited and Million Wealth Worldwide Limited as vendors (collectively, the “**Vendors**”); and (iii) Ms. Cheung Hei Nga Isabella and Mr. Wang Chi Hung as guarantors to the Vendors in relation to the acquisition of (a) 70% of the issued share capital of Ever Praise Enterprises Limited (“**Ever Praise**”); (b) 70% of all the outstanding indebtedness owing by the Ever Praise to its shareholders as at completion at the aggregate consideration of HK\$455,000,000;

(iii) the Underwriting Agreement; and

(iv) the Placing Agreement.

## **7. CLAIMS AND LITIGATION**

As at the Latest Practicable Date, no member of the 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 Group.

## **8. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
RSM Hong Kong	Certified Public Accountants

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

As at the Latest Practicable Date, the above expert 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 above expert did not have any direct or indirect interest in any assets which had been, since 30 June 2019, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Group.

The accountants' report of RSM Hong Kong on the unaudited pro forma financial information of the Group is given as of the date of this Prospectus for incorporation herein.

## 9. CORPORATE INFORMATION AND PARTIES TO THE OPEN OFFER

<b>Registered Office</b>	Room 1807, 18/F West Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
<b>Share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor Hopewell Centre 183 Queen’s Road East Wan Chai, Hong Kong
<b>Company Secretary</b>	Mr. Kwok Chee Wai <i>A member of each of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales</i>
<b>Authorised representatives</b>	Mr. Kwok Chee Wai Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
<b>Principal Bankers</b>	Bank of Communications Company Limited Industrial And Commercial Bank of China Limited Macau Branch
<b>Auditor and Reporting Accountant</b>	RSM Hong Kong 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
<b>Legal advisers to the Company in relation to the Open Offer</b>	Deacons 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong
<b>The Underwriter</b>	Faith Mount Limited Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola VG1110 British Virgin Islands

**10. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**

Set out below are the particulars and biographies of the existing Directors and senior management of the Company:

**(a) Particulars of the Directors and senior management of the Company**

<b>Name</b>	<b>Address</b>
<i>Executive Director</i>	
Mr. Lin Chuen Chow Andy	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
Ms. So Wai Yin	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
<i>Non-executive Director</i>	
Mr. Nicholas J. Niglio	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
<i>Independent non-executive Directors</i>	
Mr. Cheung Yat Hung, Alton	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
Mr. Yue Fu Wing	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
Miss Yeung Hoi Ching	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central
<i>Senior management</i>	
Mr. Kwok Chee Wai	Room 1807, 18/F West Tower, Shun Tak Centre 168–200 Connaught Road Central

**(b) Biographies of the Directors and senior management of the Company***Executive Director*

**Mr. Lin Chuen Chow Andy**, aged 44, was appointed as an executive Director on 30 November 2012. Mr. Lin graduated from the University of Wales, holding a Bachelor of Arts (Hons) Business Management Degree. He is currently an affiliate member of Hong Kong Securities and Investment Institute. He has also passed the Estate Agent Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's (Individual) License. He is currently the Chief Operation Officer of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of the Hong Kong Exchanges and Clearing Limited for a period of more than thirteen years. On 24 July 2019, Mr. Lin was appointed as the Chairman of the Board of the Group.

**Ms. So Wai Yin**, aged 43, was appointed as an executive director on 2 August 2018. She has over 10 years of experience in the fields of corporate governance and administration. She obtained a bachelor degree in business management from University of Plymouth, the United Kingdom and a master degree in corporate governance and directorship from The Hong Kong Baptist University. She is also an associate member of The Hong Kong Independent Non-executive Director Association. She joined the Group as corporate governance officer since 13 October 2016, and has been appointed as a director of Top Vast Finance Limited, a subsidiary of the Group principally engaged in the money lending business, since 1 March 2017. Prior to joining the Group, she has worked in other listed companies in Hong Kong and is responsible for overlooking administration and company secretarial matters.

*Non-executive Director*

**Mr. Nicholas J. Niglio**, aged 73, was appointed as an executive director on 3 September 2007 and redesignated from an executive director to a non-executive director on 2 August 2018. He has over 25 years varied background in gambling focused entertainment field. Prior to his current position, Mr. Niglio previously was the Executive Vice President of Trump Taj Mahal Casino Resort, Inc. Atlantic City NJ serving as a senior executive in Casino marketing and international operation to oversee all operational and administrative management of marketing program.

Mr. Niglio had worked at Caesars World Inc., Atlantic City NJ to develop casino marketing operation in all aspect and to train up staff to raise the level of customer service.

Mr. Niglio was also a senior executive of Casino Administration in Resort International Hotel and Casino, Atlantic City NJ. Mr. Niglio graduated from the California State University with a Master degree in business administration, a B.S. degree in accounting from Saint Peter's College, Jersey City NJ.

*Independent Non-executive Directors*

**Mr. Cheung Yat Hung, Alton**, aged 56, was elected as an independent non-executive Director on 5 June 2007. He has over 12 years business experience and is an elite of automobile dealer industry. He held directorships in a number of private companies which are engaged in automobile distribution in the PRC, among most of the finest brand automobile in the world.

He is also currently a director and chairman of both POC Holdings (HK) Ltd and Foremostar Easymax Group Co. Ltd, being private companies which were mainly engaged in real estates development in Shanghai and Nanchang respectively.

He graduated from California College of Arts and Craft, Berkeley, USA holding a Bachelor degree major in faculty of communication and fine arts. He now also has a full membership of Royal Hong Kong Yacht Club and Hong Kong Jockey Club.

**Mr. Yue Fu Wing**, aged 51, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years experience in accounting and finance. He has worked for a multinational company, a Hong Kong listed company and an international accounting firm.

**Miss Yeung Hoi Ching**, aged 37, was appointed as an independent non-executive Director and a member of the audit committee of the Company on 1 April 2017. She graduated from the University of Heriot Watt with a Bachelor degree in Business Administration in November 2011. Miss Yeung commenced her career in finance field in 2011 when she served as an administration manager of a finance company and was responsible for monitoring the business operation of the company. In 2013, Miss Yeung joined and worked for another finance company as operation manager. She has over 5 years of experience in finance and its related business.

*Senior Management*

**Mr. Kwok Chee Wai**, aged 36, is a Certified Public Accountant (Practising) in Hong Kong. He obtained a bachelor degree in accounting from Napier University in United Kingdom and a master degree in corporate governance and directorship from Hong Kong Baptist University. He is also an associate member of Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a member of The Taxation Institute of Hong Kong, an ordinary member of Hong Kong Securities and Investment Institute and a member of Chartered Institute of Arbitrators and Hong Kong Institute of Arbitrators. Prior to joining the Group, he worked at several accounting firms and has over 15 years of experience in auditing, taxation and provision of financial consultancy services.

**11. EXPENSES**

The expenses in connection with the Open Offer, including the printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$4.5 million, which are payable by the Company.

**12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “8. Expert and Consent” in this Appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**13. LANGUAGE**

The English texts of this Prospectus shall prevail over its Chinese text in case of inconsistency.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for the years ended 30 June 2018 and 2019;
- (iii) the letter from the Board to the Shareholders, the text of which is set out from pages 8 to 41 of this Prospectus;
- (iv) the report on the unaudited pro forma financial information of the Group from RSM Hong Kong as set out in Appendix II to this Prospectus;
- (v) the material contracts referred to in the paragraph headed “6. Material Contracts” in this Appendix;
- (vi) the written consent referred to in the paragraph headed “8. Expert and Consent” in this Appendix;
- (vii) the Circular; and
- (viii) the Prospectus Documents.