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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of Goal Forward Holdings Limited.

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## GOAL FORWARD HOLDINGS LIMITED

展程控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1854)**

### **(1) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 6 to 23 of this circular. A letter from the Independent Board Committee is set out on page 24 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 50 of this circular. A notice convening the EGM to be held at 11:00 a.m. on Thursday, 12 August 2021 at Suite 3003, 30/F, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Sha Tin, New Territories, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.cyfood.com.hk>). Whether or not you intend to attend and vote at the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

#### **PRECAUTIONARY MEASURES FOR THE EGM**

In view of the ongoing novel coronavirus (COVID-19) outbreak, mass gatherings would potentially impose a significant risk in terms of the spread of the virus. For the safety of our Shareholders, staff and stakeholders, the Company encourages Shareholders, instead of attending the EGM in person, to appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, by completing and returning the form of proxy accompanying this circular in accordance with the instructions printed thereon.

Shareholders and other persons attending the EGM should note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the EGM, including:

- (a) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue;
- (b) Every Shareholder or proxy is required to wear surgical face mask throughout the meeting, not wearing surgical face mask will not be permitted access to the meeting venue;
- (c) No corporate gifts will be distributed;
- (d) No refreshment will be served;
- (e) Hand sanitizer is available at the entrance of the venue; and
- (f) Other safe distancing measures as appropriate.

The Company seeks the understanding and cooperation of all Shareholders to minimize the risk of spreading COVID-19.

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## DEFINITIONS

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

“Ace Source”	Ace Source Holdings Limited (佳源控股有限公司), a company incorporated in the BVI with limited liability
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Agreements”	the Share Purchase Agreement and the Subscription Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means any day (excluding a Saturday, Sunday, public holiday in Hong Kong and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9 a.m. to 5 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“China Wantian”	China Wantian International Group Limited (中國萬天國際集團有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of Ace Source
“Company”	Goal Forward Holdings Limited (展程控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1854)
“Completion”	Share Transfer Completion and Subscription Completion
“connected person(s)”	has 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 to be held to consider and, if thought fit, approve the resolution(s) in respect of the Subscription Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hooy Investment”	Hooy Investment Limited, a company incorporated in the BVI with limited liability
“Independent Board Committee”	an independent committee of the Board which comprises all independent non-executive Directors, namely Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit for the purpose of advising the Independent Shareholders in respect of the Subscription
“Independent Financial Adviser”	Opus Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders (if applicable) in relation to the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Ace Source and parties acting in concert with it (including the Vendor)
“Joint Announcement”	the announcement jointly published by the Company and Ace Source dated 6 July 2021
“Last Trading Day”	29 June 2021, being the last Trading Day for the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange prior to the Joint Announcement
“Latest Practicable Date”	26 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2021 or such later date as may be agreed by Ace Source and the Vendor in writing, pursuant to the Share Purchase Agreement; and by Ace Source and the Company in writing, pursuant to the Subscription Agreement

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## DEFINITIONS

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“Mr. Hooy”	Mr. Hooy Kok Wai, a director and controlling shareholder of Ace Source
“Mr. Liu”	Mr. Liu Chi Ching, the sole director and the sole shareholder of the Vendor, the chairman of the Board and an executive Director
“Ms. Wu”	Ms. Wu Shuk Kwan, the chief executive officer of the Company and an executive Director
“Offer”	the unconditional mandatory cash offer to be made by Somerley on behalf of Ace Source to acquire all the issued Shares (other than those already held or agreed to be acquired by Ace Source and parties acting in concert with it), following the Completion
“PRC”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Share(s)”	an aggregate of 520,000,000 Shares conditionally agreed to be sold by the Vendor and conditionally agreed to be acquired by Ace Source pursuant to the terms of the Share Purchase Agreement, representing (i) approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 34.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase Agreement”	the agreement dated 29 June 2021 entered into between the Vendor and Ace Source in respect of the Share Transfer
“Share Transfer”	the acquisition by Ace Source of the Sale Shares pursuant to the Share Purchase Agreement

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## DEFINITIONS

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“Share Transfer Completion”	completion of the Share Transfer pursuant to the terms of the Share Purchase Agreement
“Share Transfer Completion Date”	the date of the Share Transfer Completion
“Somerley”	Somerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the financial adviser to Ace Source
“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to the approval by the Independent Shareholders voting by way of poll at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Shares by Ace Source at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 June 2021 entered into between the Company and Ace Source in respect of the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Completion Date”	the date of the Subscription Completion
“Subscription Price”	HK\$0.15 per Subscription Share, which is equivalent to the purchase price per Sale Share under the Share Purchase Agreement
“Subscription Share(s)”	252,000,000 new Shares to be subscribed by Ace Source under the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day on which the Stock Exchange is open for trading in Hong Kong
“Vendor”	Classic Line Holdings Limited, a company incorporated in the BVI with limited liability and beneficially wholly-owned by Mr. Liu



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## LETTER FROM THE BOARD

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### GOAL FORWARD HOLDINGS LIMITED

### 展程控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1854)**

*Executive Directors:*

Mr. Liu Chi Ching (*Chairman*)

Ms. Wu Shuk Kwan (*Chief Executive Officer*)

*Non-executive Director:*

Mr. Wong Chung Yeung

*Independent non-executive Directors:*

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

*Registered office:*

Windward 3, Regatta Office Park,

PO Box 1350,

Grand Cayman KY1-1108,

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Workshop No. A-B, 1/F,

Sunking Factory Building,

No. 1-7 Shing Chuen Road,

Shatin, New Territories,

Hong Kong

28 July 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION  
OF NEW SHARES UNDER SPECIFIC MANDATE; AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**A. INTRODUCTION**

Reference is made to the Joint Announcement in relation to, inter alia, the Share Purchase Agreement and the Subscription Agreement.

The Board has been informed by the Vendor that on 29 June 2021 (after trading hours), the Vendor and Ace Source entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Ace Source has conditionally agreed to acquire, an aggregate of 520,000,000 Sale Shares (representing (i) approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares) for a total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share, free from all encumbrances and together



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## LETTER FROM THE BOARD

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with all rights and benefits attaching or accruing to the Sale Shares, including without limitation, all rights to dividends and distributions declared, made or paid on or in respect of the Sale Shares on or after the Share Transfer Completion Date.

The Company and Ace Source entered into the Subscription Agreement on 29 June 2021 (after trading hours), pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Ace Source, 252,000,000 Subscription Shares, at a consideration of HK\$37,800,000, being HK\$0.15 per Subscription Share, in cash. The Subscription Shares represent 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, immediately before entering into the Subscription Agreement and the Share Purchase Agreement, Ace Source and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders by way of poll at the EGM. The Subscription Completion is subject to the fulfillment of the conditions precedent in the Subscription Agreement as summarised in the sub-sections headed “Conditions precedent to the Subscription Completion” and “Subscription Completion” under the section headed “C. Proposed Subscription for New Shares under Specific Mandate” of this circular.

Subject to the fulfillment of the respective conditions precedent under the Subscription Agreement and the Share Purchase Agreement, the Subscription Completion will take place simultaneously with the Share Transfer Completion on the same day.

As Ace Source will become a connected person of the Company upon the Share Transfer Completion and will have a material interest in the Subscription Agreement, Ace Source and its associates (if they are holding any Shares) are required to abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. The Subscription Completion is subject to the Independent Shareholders’ approval at the EGM and the listing approval to be granted by the Stock Exchange. The purpose of this circular is to provide you with, among others, (i) details and background of the Subscription Agreement and the allotment and issue of the Subscription Shares under the Specific Mandate to be sought at the EGM; (ii) a notice convening the EGM; and (iii) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### B. THE SHARE PURCHASE AGREEMENT

#### Date

29 June 2021 (after trading hours)

#### Parties

Vendor: Classic Line Holdings Limited, a company incorporated under the laws of the BVI with limited liability and beneficially wholly-owned by Mr. Liu

Purchaser: Ace Source Holdings Limited, an investment holding company incorporated in the BVI with limited liability

#### Subject of the Share Purchase Agreement

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell, and Ace Source (or its nominee) has conditionally agreed to acquire, 520,000,000 Sale Shares (representing (i) approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares), at a total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share, free from all encumbrances and together with all rights and benefits attaching or accruing to the Sale Shares, including without limitation, all rights to dividends and distributions declared, made or paid on or in respect of the Sale Shares on or after the Share Transfer Completion Date.

Immediately after the Share Transfer Completion, the Vendor will hold 200,000,000 Shares (the “**Retained Shares**”), representing (i) approximately 15.87% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 13.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. It is the intention of the Vendor that it will hold the Retained Shares as long term investments following the closing of the Offer. Save for the undertaking given in the Share Purchase Agreement by the Vendor to Ace Source that during the offer period (as defined in the Takeovers Code) it will not (i) create any encumbrance on or deal in all or any of the Retained Shares; or (ii) in respect of those Retained Shares, accept the Offer to be made as required under the Takeovers Code as a result of the Share Transfer Completion, there are no restrictions on the disposition of the Retained Shares held by the Vendor under the terms of the Share Purchase Agreement after the close of the offer period (as defined in the Takeovers Code). Save as disclosed in the Joint Announcement and this circular, there is no other arrangement between Ace Source and the Vendor regarding the Retained Shares.

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## LETTER FROM THE BOARD

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### **Consideration for the Sale Shares**

The total cash consideration for the Sale Shares is HK\$78,000,000, being HK\$0.15 per Sale Share, which was determined after arm's length negotiations between Ace Source and the Vendor taking into account (i) the business outlook and financial performance of the Group; and (ii) the fact that Ace Source will obtain a controlling interest in the Company upon the Share Transfer Completion.

The consideration for the Sale Shares shall be payable by Ace Source in the following manner:

- (a) within three (3) Business Days of signing of the Share Purchase Agreement, Ace Source shall pay a first deposit of HK\$15,000,000 to the Vendor;
- (b) within three (3) Business Days after the Company has submitted to the Stock Exchange a draft circular in relation to the Subscription for pre-vetting, Ace Source shall pay a second deposit of HK\$10,000,000 to the Vendor;
- (c) within three (3) Business Days after the Vendor notifies Ace Source of the Stock Exchange's confirmation of no further comments on the draft circular to be issued by the Company in relation to the Subscription, Ace Source shall pay a third deposit of HK\$20,000,000 to the Vendor; and
- (d) upon the Share Transfer Completion, Ace Source shall pay the remaining balance of the consideration being HK\$33,000,000 to the Vendor.

As at the Latest Practicable Date, the first and second deposits in the aggregate amount of HK\$25,000,000 has been paid to the Vendor.

### **Conditions precedent to the Share Transfer Completion**

Completion of the Share Purchase Agreement shall be subject to the following conditions precedent being fulfilled (or, where applicable, waived by the parties):

- (a) the Shares remaining listed and traded on the Stock Exchange; no notification or indication being received from the Stock Exchange or the SFC prior to the Share Transfer Completion that the Company may not be suitable for listing for the purposes of the Listing Rules or that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than seven consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the Stock Exchange or the SFC for the Joint Announcement and/or any other announcements relating to the transactions contemplated under the Share Purchase Agreement and/or the Subscription Agreement);
- (b) if required, all approvals, consents and acts required under the Listing Rules and/or any other applicable laws and regulations or otherwise required of the Group and/or the Vendor from the Stock Exchange, the SFC or any other

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## LETTER FROM THE BOARD

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relevant regulatory authorities or any third parties (including banks or financial institutions) in connection with the Share Purchase Agreement and the transactions contemplated thereunder having been obtained or completed or, as the case may be, the relevant waiver from compliance with any such laws, rules, regulations or requirements having been obtained from the relevant regulatory authorities or third parties;

- (c) the warranties given by the Vendor pursuant to the Share Purchase Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Share Purchase Agreement and the Share Transfer Completion Date by reference to the facts and circumstances subsisting as at the date of the Share Purchase Agreement and the Share Transfer Completion Date respectively;
- (d) the conditions precedent to the completion of the Subscription Agreement having been fulfilled or waived (where permitted);
- (e) the warranties given by Ace Source pursuant to the Share Purchase Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Share Purchase Agreement and the Share Transfer Completion Date by reference to the facts and circumstances subsisting as at the date of the Share Purchase Agreement and the Share Transfer Completion Date respectively; and
- (f) Ace Source having completed all relevant procedures required under any applicable laws and regulations or otherwise required of Ace Source by any competent authority in respect of the purchase of the Sale Shares by Ace Source and in connection with the Share Purchase Agreement and the transactions contemplated thereunder.

Ace Source may, at its absolute discretion, waive at any time by notice in writing to the Vendor all or any of conditions precedent (a), (c) and (d) above. The Vendor may, at its absolute discretion, waive at any time by notice in writing to Ace Source condition precedent (e) above. Conditions precedent (b) and (f) are not waivable in any event.

In respect of condition precedent (b), as at the Latest Practicable Date, there was no approval, consent, act or waiver from compliance required of the Group or the Vendor in connection with the Share Purchase Agreement and the transactions contemplated thereunder, whether under the Listing Rules or any law or regulation or from the Stock Exchange, the SFC or any other regulatory authority or third party.

### **Share Transfer Completion**

The Share Transfer Completion shall take place on the third Business Day after the day on which all the conditions precedent above have been fulfilled or waived, or such other date as the parties to the Share Purchase Agreement may agree in writing.

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## LETTER FROM THE BOARD

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In accordance with the Share Purchase Agreement:

- (i) If on or before the Long Stop Date, condition precedent (a) has not been satisfied (or waived) and/or condition precedent (b) has not been satisfied due to any act or omission on the part of the Vendor and/or its affiliates, the Vendor shall, within three Business Days from the Long Stop Date, refund the deposits received in full to Ace Source. If the Vendor fails to refund the deposits received to Ace Source in full within such period of three Business Days, the Vendor shall also pay to Ace Source interest on the deposits pursuant to the Share Purchase Agreement. Upon the refund of the deposits received together with the accrued interest, if any, by the Vendor to Ace Source, neither the Vendor nor Ace Source shall be bound to proceed with the sale and purchase of the Sale Shares and the Share Purchase Agreement shall terminate and shall cease to have any further legal force or effect, save in respect of claims arising out of any antecedent breach of the Share Purchase Agreement by either party.
  
- (ii) If on or before the Long Stop Date, (i) conditions precedent (a) and (b) have been satisfied or waived (where permitted); or (ii) condition precedent (a) has been satisfied (or waived) and condition precedent (b) has not been satisfied otherwise than due to any act or omission on the part of the Vendor and/or its affiliates, and Ace Source fails, or chooses not, to complete the sale and purchase of the Sale Shares, the Vendor shall be entitled to forfeit the deposits received from Ace Source and upon which neither the Vendor nor Ace Source shall be bound to proceed with the sale and purchase of the Sale Shares and the Share Purchase Agreement shall terminate and shall cease to have any further legal force or effect, save in respect of claims arising out of any antecedent breach of the Share Purchase Agreement by either party.
  
- (iii) If all the conditions precedent have been satisfied or waived (where permitted) on or before the Long Stop Date but the Vendor fails to complete the sale and purchase of the Sale Shares in accordance with the terms of the Share Purchase Agreement, the Vendor shall, within three Business Days from the date on which the Share Transfer Completion shall have taken place but for the Vendor's failure to complete, refund the deposits received in full to Ace Source and pay to Ace Source as and by way of agreed liquidated damages a sum equivalent to the deposits received by the Vendor. If the Vendor fails to refund the deposits received and pay the agreed liquidated damages to Ace Source in full within such period of three Business Days, the Vendor shall also pay to Ace Source interest on the deposits and the agreed liquidated damages pursuant to the Share Purchase Agreement. Upon full payment of the aforesaid sums by the Vendor to Ace Source, neither the Vendor nor Ace Source shall be bound to proceed with the sale and purchase of the Sale Shares and the Share Purchase Agreement shall terminate and shall cease to have any further legal force or effect, save in respect of claims arising out of any antecedent breach of the Share Purchase Agreement by either party.

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The Vendor shall not be liable to refund the deposits or for payment of any liquidated damages save for in the circumstances set out in (i) and (iii) above. Without prejudice to (i), (ii) and (iii) above, if any of the conditions precedent is not fulfilled (or waived by the relevant party, except that the conditions precedent (b) and (f) cannot be waived) on or before the Long Stop Date, neither Ace Source nor the Vendor shall be obliged to proceed to the Share Transfer Completion; the Share Purchase Agreement shall from such date cease to have any effect; and neither Ace Source nor the Vendor shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any provision of the Share Purchase Agreement.

The Vendor and Ace Source have agreed under the Share Purchase Agreement that Ace Source shall not be obliged to but may, at its absolute discretion, complete the purchase of the Sale Shares if the subscription of the Subscription Shares by Ace Source as contemplated by the Subscription Agreement does not complete simultaneously. The Vendor and Ace Source confirm that should Ace Source choose to complete the purchase of the Sale Shares according to the terms of the Share Purchase Agreement in the circumstance where the subscription of the Subscription Shares does not complete simultaneously, Ace Source may only purchase all but not part of the Sale Shares.

### **C. PROPOSED SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE**

On 29 June 2021 (after trading hours), the Company and Ace Source entered into the Subscription Agreement pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 252,000,000 new Shares for an aggregate Subscription Price of HK\$37,800,000, being HK\$0.15 per Subscription Share, in cash.

The Subscription Shares represent (i) 20.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, immediately before entering into the Subscription Agreement and the Share Purchase Agreement, Ace Source and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### **Consideration for the Subscription Shares**

The Subscription Shares will be subscribed by Ace Source at the Subscription Price of HK\$0.15 per Subscription Share.

The Subscription Price of HK\$0.15 represents:

- (i) a premium of approximately 7.14% over the closing price of HK\$0.140 per Share as quoted on the Stock Exchange as at the Last Trading Day;

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## LETTER FROM THE BOARD

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- (ii) a discount of approximately 4.46% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days immediately prior to the Last Trading Day;
- (iii) a discount of approximately 11.76% to the average closing price of approximately HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days immediately prior to the Last Trading Day; and
- (iv) a premium of approximately 102.70% over the unaudited consolidated net asset attributable to the Shareholders per Share of approximately HK\$0.074 per Share as at 31 March 2021 (calculated based on the unaudited consolidated equity attributable to the Shareholders of approximately HK\$93.28 million (the figures of which have been agreed with the Group's auditors) as at 31 March 2021 (as shown in the annual results announcement of the Company for the year ended 31 March 2021) and 1,260,000,000 Shares in issue as at 31 March 2021).

The aggregate nominal value of the Subscription Shares is HK\$2,520,000, and the market value of the Subscription Shares is HK\$35,280,000, based on the closing price of HK\$0.140 per Share on the Last Trading Day.

The Subscription Price of HK\$0.15 per Subscription Share has been arrived at after arm's length negotiations between Ace Source and the Company, with reference to, among other things, (i) the business outlook and financial performance of the Group; and (ii) the consideration per Sale Share of HK\$0.15.

The consideration for the Subscription will be payable in cash by Ace Source to the Company at the Subscription Completion.

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

### **Conditions precedent to the Subscription Completion**

Completion of the Subscription Agreement shall be subject to the following conditions precedent being fulfilled (or, where applicable, waived):

- (a) the Shares remaining listed and traded on the Stock Exchange; no notification or indication being received from the Stock Exchange or the SFC prior to the Subscription Completion that the Company may not be suitable for listing for the purposes of the Listing Rules or that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than seven consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the



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## LETTER FROM THE BOARD

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Stock Exchange or the SFC for the Joint Announcement and/or any other announcements relating to the transactions contemplated under the Subscription Agreement and/or the Share Purchase Agreement);

- (b) the passing by the Shareholders or, where applicable, the Independent Shareholders, at a general meeting all resolutions as may be required under the Listing Rules and/or any other applicable laws and regulations, including without limitation, resolutions approving the Subscription Agreement and the transactions contemplated thereunder;
- (c) the Company's warranties remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Subscription Agreement and the Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Subscription Completion Date respectively;
- (d) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission not being subsequently withdrawn or revoked by the Stock Exchange;
- (e) if required, all other approvals, consents and acts required under the Listing Rules and/or any other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the Subscription and the transactions contemplated thereunder having been obtained or completed or, where applicable, the relevant waiver from compliance with any such laws, rules, regulations or requirements having been obtained from the Stock Exchange, the SFC or any other relevant regulatory authorities or any relevant third parties;
- (f) the conditions precedent to the completion of the Share Purchase Agreement having been fulfilled or waived (where permitted) (save for condition precedent (d) which requires all the conditions precedent to the completion of the Subscription Agreement to be fulfilled or waived (where permitted)); and
- (g) warranties given by Ace Source pursuant to the Subscription Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Subscription Agreement and the Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Subscription Completion Date respectively.

Ace Source may, at its absolute discretion, waive at any time by notice in writing to the Company conditions precedent (c) and (f) above. The Company may, at its absolute discretion, waive at any time by notice in writing to Ace Source condition precedent (g) above. Conditions precedent (a), (b), (d) and (e) are not waivable in any event.



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## LETTER FROM THE BOARD

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In respect of condition precedent (e), as at the Latest Practicable Date, save as mentioned in conditions precedent (b) and (d), there was no other approval, consent, act or waiver from compliance required in connection with the Subscription Agreement and the transactions contemplated thereunder, whether under the Listing Rules or any law or regulation or from any third party.

### **Subscription Completion**

The Subscription Completion shall take place on the third Business Day after the day on which all the conditions precedent above have been fulfilled or waived or such other date as the parties to the Subscription Agreement may agree in writing.

If any of the conditions precedent is not fulfilled or, where applicable, waived by Ace Source or the Company on or before the Long Stop Date, neither Ace Source or the Company shall be obliged to proceed to the Subscription Completion; the Subscription Agreement shall terminate and cease to have any effect; and neither Ace Source or the Company shall have any claim against each other, except in respect of any claim arising out of any antecedent breach of any provision of the Subscription Agreement.

The Company and Ace Source have agreed under the Subscription Agreement that Ace Source shall not be obliged to but may, at its absolute discretion, complete the subscription of the Subscription Shares if the sale and purchase of the Sale Shares as is contemplated by the Share Purchase Agreement does not complete simultaneously.

### **Reasons for the Subscription and use of proceeds**

The Subscription forms part and parcel of the transactions contemplated under the Share Purchase Agreement and therefore a crucial part for achieving the Share Transfer Completion, and only following the Share Transfer Completion, the Offer will then be made. Upon Completion, Ace Source will be interested in approximately 51.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription will bring in new capital to the Group which Ace Source considers will strengthen the Group's balance sheet. The Subscription and the Share Transfer together allow Ace Source to take statutory control over the Group i.e. not less than 50.1% of the issued capital of the Company. During the negotiations among the parties to the Agreements, Ace Source has expressed its intention to obtain not less than 50.1% of the issued Shares. As Mr. Liu, the ultimate beneficial owner of the Vendor and the founder of the Group, intends to maintain the Retained Shares as long term investments, in the event where the Subscription has not taken place, Ace Source would only be able to acquire approximately 41.27% of the issued share capital of the Company pursuant to the Share Transfer. In view of the uncertainty of receiving sufficient offer acceptances so that Ace Source will obtain over 50.1% voting rights of the Company, the Subscription is intended by Ace Source to secure statutory control over the Group before the commencement of the Offer. The Directors consider the Subscription to be an appropriate means of raising additional capital for the Company

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## LETTER FROM THE BOARD

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without incurring interest costs whilst broadening the capital base of the Company. The estimated net proceeds from the Subscription is approximately HK\$36.80 million, representing a net price of approximately HK\$0.146 per Subscription Share. The Company intends to apply (i) approximately HK\$22 million of the net proceeds for repaying the Group's bank borrowings; (ii) approximately HK\$10 million of the net proceeds for establishing two retail outlets to expand the sales channels for the food ingredients of the Group to the retail market; and (iii) the balance of the net proceeds towards general working capital purposes.

As at 31 March 2021, the Group had outstanding bank borrowings of approximately HK\$43.4 million, comprised of the following:

Loan/Lender <i>(Note 1)</i>	Loan Amount <i>(HK\$'000)</i>	Interest rate	Maturity date	Outstanding balance of loan amount <i>(HK\$'000)</i>
China Construction Bank (Asia) Corporation Limited ("CCB") Loan 1 <i>(Note 2)</i>	9,600	Hong Kong Dollar Prime Rate minus 2.95% per annum	28 April 2036	7,636
CCB Loan 2 <i>(Note 2)</i>	9,600	Hong Kong Dollar Prime Rate minus 2.95% per annum	28 April 2036	7,636
OCBC Wing Hang Bank Limited ("OCBC") Loan 1 <i>(Note 3)</i>	10,000	Hong Kong Interbank Offered Rate ("HIBOR") plus 1.25%	10 February 2028	7,817
OCBC Loan 2 <i>(Note 3)</i>	25,000	HIBOR plus 1.25%	10 November 2026	20,307

*Notes:*

1. The loans are repayable on demand at the sole discretion of the bank pursuant to the terms of the facilities.
2. Secured by (i) first legal charge on the properties located at Workshops A and B, 1/F., Sunking Factory Building, Nos.1-7 Shing Chuen Road, Shatin, New Territories, (ii) rental assignment of the said properties and (iii) corporate guarantee by the Company.
3. Secured by (i) first legal charge on property located at Workshops A, E, F and J on 3/F and D on 4/F, Block 1, Kwai Tak Industrial Centre, Nos.15-33 Kwai Tak Street, Kwai Chung, New Territories; and (ii) corporate guarantee by the Company.

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## LETTER FROM THE BOARD

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A breakdown of the use of net proceeds for repayment of bank borrowings is set out below:

<b>Use of net proceeds</b>	<b>Amount</b> <i>(HK\$'000)</i>
Bank loan repayment	
CCB Loan 1	7,424
CCB Loan 2	7,424
OCBC Loan 1	<u>7,345</u>
	<u><u>22,193</u></u>

A breakdown of the use of net proceeds and details of the expected timeline involved for establishment of the retail outlets are set out below:

<b>Use of net proceeds</b>	<b>Amount</b> <i>(HK\$'000)</i>
Retail outlets	
Estimated capital expenditure for leasehold improvements, furniture, fixtures and equipment of the retail outlets	2,800
Estimated rental expenses of the retail outlets for 18 months	<u>7,200</u>
	<u><u>10,000</u></u>

<b>Plan for establishment of retail outlets</b>	<b>Expected timeline for use</b>
1. Identifying suitable business premises for the first retail outlet	The fourth quarter of the year 2021
2. Renovation works and installation of furniture fixtures and equipment for the first retail outlet	The first quarter of the year 2022
3. Commencement of business of the first retail outlet	The second quarter of the year 2022
4. Identifying suitable business premises for the second retail outlet	The third quarter of the year 2022
5. Renovation works and installation of furniture fixtures and equipment for the second retail outlet	The fourth quarter of the year 2022

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## LETTER FROM THE BOARD

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<b>Plan for establishment of retail outlets</b>	<b>Expected timeline for use</b>
6. Commencement of business of the second retail outlet	The fourth quarter of the year 2022

As at the Latest Practicable Date, no agreement has been entered into by the Group in relation to the establishment of the retail outlets. Further announcement(s) in relation to the establishment of the retail outlets will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board considers that while the Company does not have imminent funding need for the proceeds from the Subscription, in light of the downturn in the economy due to the lingering and persistent effects of COVID-19, it is in the best interests of the Company and the Shareholders as a whole to (i) diversify the Group's sales channels into the retail market to better cope with market volatility and reduce the Group's reliance on demand from food service operators; (ii) reduce the Group's finance expenses by repaying part of its bank borrowings; and (iii) bolster the Group's liquidity given the uncertain business environment going forward. The Directors are aware of the disadvantage of the dilution effect on the shareholding interests of the existing public Shareholders upon the issuance of the Subscription Shares, but having considered the reasons outlined above, consider it to be outweighed by the benefits of undertaking the Subscription. Based on the above, the Board (including the Independent Board Committee) considers that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **Specific Mandate**

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders by way of poll at the EGM.

### **Listing application in respect of the Subscription Shares**

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue.

## **D. EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company did not carry out any equity fund raising activities in the 12 months period immediately before the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### E. EFFECTS OF THE SHARE PURCHASE AGREEMENT AND THE SUBSCRIPTION AGREEMENT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon Completion but before the commencement of the Offer (assuming no other changes in the issued share capital and shareholding in the Company from the Latest Practicable Date up to Completion but before the commencement of the Offer):

	As at the Latest Practicable Date		Immediately upon Completion but before the commencement of the Offer	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ace Source ( <i>Note 1</i> )	–	–	772,000,000	51.06
Vendor ( <i>Note 2</i> )	<u>720,000,000</u>	<u>57.14</u>	<u>200,000,000</u>	<u>13.23</u>
<b>Sub-total for Ace Source and parties acting in concert with it</b>	<b>720,000,000</b>	<b>57.14</b>	<b>972,000,000</b>	<b>64.29</b>
Public Shareholders	<u>540,000,000</u>	<u>42.86</u>	<u>540,000,000</u>	<u>35.71</u>
<b>Total</b>	<b><u><u>1,260,000,000</u></u></b>	<b><u><u>100.0</u></u></b>	<b><u><u>1,512,000,000</u></u></b>	<b><u><u>100.0</u></u></b>

*Notes:*

1. Ace Source is owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively. For more details, please refer to paragraph headed “Information on Ace Source” below.
2. The Vendor is beneficially wholly-owned by Mr. Liu.

### F. INFORMATION ON THE PARTIES

#### Information on the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, processing and supplying of food ingredients in Hong Kong.

#### Information on the Vendor

The Vendor is an investment holding company incorporated in the BVI with limited liability on 8 January 2016 and wholly-owned by Mr. Liu.

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## LETTER FROM THE BOARD

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### Information on Ace Source

Ace Source is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for entering into of the Share Purchase Agreement and the Subscription Agreement, Ace Source has not engaged in any substantial business activities. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong Xueyong and Mr. Lau Yau Chuen Louis were the directors of Ace Source.

As at the Latest Practicable Date, Ace Source was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

China Wantian is an investment holding company incorporated in Hong Kong with limited liability and is owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. Mr. Hooy is the sole beneficial owner of Wise Global Holding Limited, while Mr. Zhong Xueyong is the sole beneficial owner of Courage Rise Holdings Limited.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability and is beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest.

Yap Global is an investment holding company incorporated in the BVI with limited liability and is beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, and Mr. Yek Hon Su as to approximately 8.33% equity interest.

Mr. Hooy Say Kai and Ms. Leong Kwai Ho are the parents of Mr. Hooy; each of Mr. Hooy Kwok Pun, Ms. Hooy Siew Kuen and Mr. Hooy Kok Kuen is a sibling of Mr. Hooy; Ms. Yap Yuk Kiew (“**Mrs. Hooy**”) is the spouse of Mr. Hooy; each of Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, Mr. Yek Hon Su is a sibling of Mrs. Hooy and a sibling-in-law of Mr. Hooy.

As at the Latest Practicable Date, Mr. Zhong Xueyong was not a family member or close relative of any of the ultimate beneficial shareholders of Ace Source.

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## **LETTER FROM THE BOARD**

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### **G. FUTURE INTENTIONS OF ACE SOURCE REGARDING THE GROUP**

Ace Source intends to continue the principal business of the Group and has no intention to dispose of the Company's businesses immediately after completion of the Offer. Following the closing of the Offer, Ace Source will conduct a detailed review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arise, Ace Source may consider diversifying the business of the Group with an objective to broaden its income source. However, as at the Latest Practicable Date, no such investment or business opportunities have been identified nor has Ace Source entered into any agreement, arrangements, understandings, intention or negotiation in relation to injection of any assets or business into the Group. As at the Latest Practicable Date, Ace Source has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to redeployment of the employees, disposal and/or re-deployment of the assets of the Group, or termination or scaling-down of any Group's business, other than in its ordinary course of business.

#### **Changes to the composition of the Board**

The Board is currently made up of two executive Directors, being Mr. Liu and Ms. Wu, a non-executive Director, being Mr. Wong Chung Yeung and three independent non-executive Directors, being Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit. Save for Mr. Liu who will remain as an executive Director, Ace Source intends for the aforesaid Directors to remain in their office after the close of the Offer until such time suitable candidates are identified for nomination to the Board in their place.

Ace Source intends to nominate new director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, Ace Source has not reached any final decision as to who will be nominated as new Director(s). Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

### **H. INDEPENDENT BOARD COMMITTEE**

An independent board committee of the Company comprising all the independent non-executive Directors namely Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit, has been formed in order to make a recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder.

### **I. IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the Share Purchase Agreement, Ace Source has conditionally agreed to acquire the Sale Shares, which represent approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date. The Subscription Completion is intended to take place simultaneously with the Share Transfer Completion. As such, on the Subscription

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## LETTER FROM THE BOARD

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Completion Date (which is the same as the Share Transfer Completion Date), Ace Source will become a controlling Shareholder and therefore a connected person of the Company. The entering into of the Subscription Agreement between the Company and Ace Source therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which requires the approval of the Independent Shareholders by way of poll at the EGM.

As Ace Source will become a connected person of the Company upon the Share Transfer Completion and will have a material interest in the Subscription Agreement, Ace Source and its associates (if they are holding any Shares) are required to abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Vendor and its associates are regarded as having a material interest and will therefore also abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

Save for Mr. Liu and Ms. Wu, none of the Directors have a material interest in the transaction and were therefore not required under the Listing Rules to abstain from voting on the relevant Board resolution with respect to the Subscription.

### **J. EGM**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Subscription Agreement and the transactions contemplated thereunder by Independent Shareholders by way of poll at the EGM. The Vendor, Ace Source, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s).

As at the Latest Practicable Date, the Vendor held 720,000,000 Shares, representing approximately 57.14% of the existing issued share capital of the Company.

Save for the interests in the Share Purchase Agreement and the Subscription Agreement, none of Ace Source, its associates and parties acting in concert with any of them (excluding the Vendor) held any Shares as at the Latest Practicable Date.

### **K. RECOMMENDATION**

The Directors are of the view that although the Subscription is not entered into in the ordinary and usual course of business of the Group, its terms are on normal commercial terms or better. The Directors are of the opinion that the proposed ordinary resolutions for (i) the approval of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.



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**LETTER FROM THE BOARD**

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**WARNING**

**SINCE COMPLETION OF THE SHARE TRANSFER AND THE SUBSCRIPTION IS SUBJECT TO THE FULFILMENT OF THE CONDITION(S) AS SET OUT IN THE SHARE PURCHASE AGREEMENT AND THE SUBSCRIPTION AGREEMENT, THE SHARE TRANSFER AND THE SUBSCRIPTION MAY OR MAY NOT PROCEED.**

**THE OFFER WILL ONLY BE MADE AFTER COMPLETION. AS SUCH, THE OFFER MAY OR MAY NOT PROCEED AND IS THEREFORE A POSSIBILITY ONLY. INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.**

By order of the Board  
**Goal Forward Holdings Limited**  
**Liu Chi Ching**  
*Chairman and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### GOAL FORWARD HOLDINGS LIMITED

展程控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1854)**

28 July 2021

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular (the “**Circular**”) of the Company dated 28 July 2021 of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you on whether the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned and whether the Subscription contemplated under the Subscription Agreement is entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise in this regard. We wish to draw your attention to the letter from the Board set out on pages 6 to 23 of the Circular and the letter from the Independent Financial Adviser as set out on pages 25 to 50 of the Circular, which contains, inter alia, advice and recommendation regarding the terms of the Subscription Agreement with the principal factors and reasons for its advice and recommendation.

Having considered the terms of the Subscription Agreement and taken into account the advice and recommendation of the Independent Financial Adviser, we are of the view that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve, among others, the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Ms. Li On Lei**

*Independent  
non-executive Director*

**Mr. Ng Ki Man**

*Independent  
non-executive Director*

**Mr. Lo Siu Kit**

*Independent  
non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder which has been prepared for the purpose of inclusion in this circular.*



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong  
28 July 2021

To: *the Independent Board Committee and the Independent Shareholders of Goal Forward Holdings Limited*

Dear Sir or Madam,

### **CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 28 July 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Joint Announcement in relation to, inter alia, the Share Purchase Agreement and the Subscription Agreement. The Board has been informed by the Vendor that on 29 June 2021 (after trading hours), the Vendor and Ace Source entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Ace Source has conditionally agreed to acquire, an aggregate of 520,000,000 Sale Shares (representing (i) approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares) for a total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share, free from all encumbrances and together with all rights and benefits attaching or accruing to the Sale Shares, including without limitation, all rights to dividends and distributions declared, made or paid on or in respect of the Sale Shares on or after the Share Transfer Completion Date. For further details on the terms of the Share Purchase Agreement, please refer to section headed “B. Share Purchase Agreement” set out in the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company and Ace Source entered into the Subscription Agreement on 29 June 2021 (after trading hours), pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Ace Source, 252,000,000 Subscription Shares, at a consideration of HK\$37,800,000, being HK\$0.15 per Subscription Share, in cash. The Subscription Shares represent 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Pursuant to the Share Purchase Agreement, Ace Source has conditionally agreed to acquire the Sale Shares, which represent approximately 41.27% of the issued share capital of the Company as at the Latest Practicable Date. The Subscription Completion is intended to take place simultaneously with the Share Transfer Completion. As such, on the Subscription Completion Date (which is the same as the Share Transfer Completion Date), Ace Source will become a controlling Shareholder and therefore a connected person of the Company. The entering into of the Subscription Agreement between the Company and Ace Source therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which requires the approval of the Independent Shareholders by way of poll at the EGM.

As Ace Source will become a connected person of the Company upon the Share Transfer Completion and will have a material interest in the Subscription Agreement, Ace Source and its associates (if they are holding any Shares) are required to abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Vendor and its associates are regarded as having a material interest and will therefore also abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

Save for Mr. Liu and Ms. Wu, none of the Directors have a material interest in the transaction and were therefore not required under the Listing Rules to abstain from voting on the relevant Board resolution with respect to the Subscription.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit, has been established by the Company for the purpose of advising the Independent Shareholders on: (i) whether the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the Subscription is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole; and (iii) how they should vote on the relevant resolution(s) at the EGM. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Group, the Vendor, Ace Source or any other parties that could reasonably be regarded as relevant to our independence. In addition, during the past two years immediately prior to date of this letter, we have not acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fees in connection with this appointment in relation to the Subscription and the Offer, no arrangements exist whereby we will receive any fees or benefits from the Group, the Vendor, Ace Source or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

1. the Joint Announcement;
2. the Subscription Agreement;
3. the annual results announcement of the Company for the year ended 31 March (“FY”) 2021 (the “**2021 Annual Results Announcement**”);
4. the annual report of the Company for FY2020 (the “**2020 Annual Report**”); and
5. other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the entering into of the Subscription Agreement.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Subscription Agreement and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Subscription Agreement, we have taken into consideration the following principal factors and reasons:

#### 1. Information on Ace Source

Ace Source is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for entering into of the Share Purchase Agreement and the Subscription Agreement, Ace Source has not engaged in any substantial business activities. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong Xueyong and Mr. Lau Yau Chuen Louis were the directors of Ace Source.

As at the Latest Practicable Date, Ace Source was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

China Wantian is an investment holding company incorporated in Hong Kong with limited liability and is owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. Mr. Hooy is the sole beneficial owner of Wise Global Holding Limited, while Mr. Zhong Xueyong is the sole beneficial owner of Courage Rise Holdings Limited.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability and is beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Yap Global is an investment holding company incorporated in the BVI with limited liability and is beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, and Mr. Yek Hon Su as to approximately 8.33% equity interest.

Mr. Hooy Say Kai and Ms. Leong Kwai Ho are the parents of Mr. Hooy; each of Mr. Hooy Kwok Pun, Ms. Hooy Siew Kuen and Mr. Hooy Kok Kuen is a sibling of Mr. Hooy; Ms. Yap Yuk Kiew (“**Mrs. Hooy**”) is the spouse of Mr. Hooy; each of Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, Mr. Yek Hon Su is a sibling of Mrs. Hooy and a sibling-in-law of Mr. Hooy.

As at the Latest Practicable Date, Mr. Zhong Xueyong was not a family member or close relative of any of the ultimate beneficial shareholders of Ace Source.

## 2. Information on the Group

### *Business of the Group*

The Company is a company incorporated in the Cayman Islands with limited liability. The Shares were listed on GEM of the Stock Exchange by way of placing on 13 October 2016 and have been listed on the Main Board of the Stock Exchange by way of transfer of listing (the “**Transfer of Listing**”) since 21 March 2019. The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, processing and supplying of food ingredients in Hong Kong. As at 31 March 2021, it supplies food ingredients (i.e. vegetables and fruits) to over 480 customer outlets and offers more than 1,300 types of food ingredients to the customers in Hong Kong. Its customers include gourmet restaurants, cafes, airlines, airport lounges, hotels to major catering groups and chain restaurants operators serving over hundreds of customer outlets.

### *Financial information of the Group*

Set forth below is a summary of the consolidated financial information of the Group for FY2020 and FY2021 as extracted from the 2021 Annual Results Announcement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Table 1: Summary of the consolidated financial performance of the Group**

	<b>FY2021</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>FY2020</b> <i>(Audited)</i> <i>HK\$'000</i>
Revenue	106,706	154,078
Cost of sales	<u>(93,458)</u>	<u>(134,853)</u>
<b>Gross profit</b>	<b>13,248</b>	<b>19,225</b>
Other income and gain – net	4,008	88
Selling and administrative expenses	(18,090)	(21,456)
Impairment of trade receivables	<u>(6,866)</u>	<u>(721)</u>
<b>Operating loss</b>	<b>(7,700)</b>	<b>(2,864)</b>
Finance costs – net	(416)	(562)
Share of loss of a joint venture	<u>(444)</u>	<u>(146)</u>
<b>Loss before income tax</b>	<b>(8,560)</b>	<b>(3,572)</b>
Income tax credit/(expense)	<u>316</u>	<u>(1,174)</u>
<b>Loss for the year</b>	<b><u>(8,244)</u></b>	<b><u>(4,746)</u></b>
<b>Loss for the year attributable to:</b>		
the Shareholders	(8,240)	(4,739)
non-controlling interests	<u>(4)</u>	<u>(7)</u>
	<b><u>(8,244)</u></b>	<b><u>(4,746)</u></b>

*Source: the 2021 Annual Results Announcement*

The Group's total revenue was approximately HK\$106.7 million in FY2021, representing a decrease of approximately HK\$47.4 million or approximately 30.8% as compared to the total revenue of approximately HK\$154.1 million in FY2020 which was mainly attributable to: (i) the adversity of the general catering business environment; and (ii) the class suspension and temporary closure of schools due to the outbreak of COVID-19 pandemic (the "**Pandemic**"), resulting in a lower demand for food ingredients from the food service operators. In FY2020 and FY2021, the Group also operated as a single operating segment of sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong.

Cost of sales of the Group decreased from approximately HK\$134.9 million in FY2020 to approximately HK\$93.5 million in FY2021, representing a decrease of approximately HK\$41.4 million or approximately 30.7% which was in line with the abovementioned fall in revenue during the year.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Owing to the changes in revenue and cost of sales stated above, the Group's gross profit decreased by approximately 31.3% from approximately HK\$19.2 million for FY2020 to approximately HK\$13.2 million for FY2021. However, the gross profit margin for FY2021 was approximately 12.4% which remained relatively stable as compared to approximately 12.5% for FY2020.

Selling and administrative expenses of the Group for FY2021 amounted to approximately HK\$18.1 million, representing a decrease of approximately 15.8% from approximately HK\$21.5 million for FY2020. It was primarily due to the payment of professional fee of approximately HK\$1.2 million in relation to the Transfer of Listing during FY2020 and rearrangements made to staff resources amid the outbreak of the Pandemic during FY2021.

Impairment on the Group's trade receivables during FY2021 increased substantially from approximately HK\$0.7 million for FY2020 to approximately HK\$6.9 million for FY2021 which was largely due to the adverse effects brought about by the Pandemic to the catering business environment which ultimately impacted on the Group's business.

Owing to the aforesaid factors, operating loss of the Group increased by approximately 165.5% from approximately HK\$2.9 million for FY2020 to approximately HK\$7.7 million for FY2021. Loss attributable to the Shareholders increased by approximately 74.5% from approximately HK\$4.7 million for FY2020 to approximately HK\$8.2 million for FY2021.

As noted from the above, the Group's financial performance has been severely affected by the Pandemic since early 2020 as the Group operates a single segment of supplying food ingredients to food service operators in Hong Kong. We consider the recent proposal to establish retail outlets is one of the ways the Group is working to explore new sales channels to expand the Group's income source.

**Table 2: Summary of the consolidated financial position of the Group**

	<b>As at</b> <b>31 March 2021</b> <i>(Unaudited)</i> <i>HK\$'000</i>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	32,513
Right-of-use assets	46,985
Deposits and prepayments	17
Interest in a joint venture	275
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<b>Total non-current assets</b>	<b>79,790</b>
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	<b>As at</b> <b>31 March 2021</b> <i>(Unaudited)</i> <i>HK\$'000</i>
<b>Current assets</b>	
Inventories	553
Trade receivables	19,747
Deposits and prepayments	8,061
Tax recoverable	–
Cash and cash equivalents	<u>37,431</u>
<b>Total current assets</b>	<b><u>65,792</u></b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Lease liabilities	2
Deferred tax liabilities	<u>1,706</u>
<b>Total non-current liabilities</b>	<b><u>1,708</u></b>
<b>Current liabilities</b>	
Trade payables	3,893
Accruals and other payables	3,190
Borrowings	43,395
Current income tax liabilities	105
Lease liabilities	<u>20</u>
<b>Total current liabilities</b>	<b><u>50,603</u></b>
<b>Equity attributable to the Shareholders</b>	
Share capital	12,600
Share premium	46,971
Other reserve	100
Retained earnings	<u>33,611</u>
	<b>93,282</b>
Non-controlling interest	<u>(11)</u>
<b>Total equity</b>	<b><u>93,271</u></b>

*Source: the 2021 Annual Results Announcement*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 March 2021, total assets of the Group were approximately HK\$145.6 million, representing a decrease of approximately HK\$14.9 million or 9.3% as compared to that as at 31 March 2020. The decrease in the total assets was primarily attributable to, among others, the significant decrease in trade receivables of approximately HK\$12.2 million which was mainly attributable to the impairment as mentioned above. Such total assets of the Group as at 31 March 2021 was mainly comprised of: (i) right-of-use assets amounted to approximately HK\$47.0 million; (ii) cash and cash equivalents amounted to approximately HK\$37.4 million; (iii) property, plant and equipment amounted to approximately HK\$32.5 million; and (iv) trade receivables amounted to approximately HK\$19.7 million, which accounted for approximately 32.3%, 25.7%, 22.3% and 13.5% of the total assets of the Group as at 31 March 2021 respectively. As at 31 March 2021, the total liabilities of the Group were approximately HK\$52.3 million, representing a decrease of approximately HK\$6.7 million or 11.4% as compared to that as at 31 March 2020. Such decrease was mainly attributable to, among others, the decrease in borrowings of approximately HK\$5.1 million. As a result of the decrease in borrowings, the gearing ratio of the Group slightly decreased from approximately 47.8% as at 31 March 2020 to approximately 46.5% as at 31 March 2021. As at 31 March 2021, the equity attributable to the Shareholders decreased by approximately HK\$8.2 million or 8.1%, from approximately HK\$101.5 million as at 31 March 2020 to approximately HK\$93.3 million as at 31 March 2021.

Based on the above, we note that, as at 31 March 2021, the Group's cash and cash equivalents only amounted to approximately HK\$37.4 million while short-term borrowings amounted to approximately HK\$43.4 million. In view of the Group's shortfall in cash and cash equivalents as well as its consecutive loss-making in FY2020 and FY2021, we do agree with the Company that the Subscription could also serve the purpose of replenishing and strengthening the working capital of the Group while reducing the relevant finance costs.

### *Prospects of the Group*

As mentioned in the 2020 Annual Report and the 2021 Annual Results Announcement, the uncertainties brought by the outbreak of the Pandemic has been adversely affecting the financial performance of the Group since early 2020. Due to the Pandemic, there has been a severe reduction of visitors to Hong Kong and different kinds of social restriction policies such as the maximum number of people per table for dine-in services at restaurants, the seating capacity limit of restaurants and the operating hour limit of restaurants have been adopted. The catering industry has been adversely affected by the significantly reduced number of visitors to Hong Kong. The aforementioned social restriction policies pose further challenges to the business environment of the catering industry. As such, the demand for food ingredients from food service operators is reduced.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As further stated in the 2020 Annual Report and the 2021 Annual Results Announcement, it is expected that such challenges for the catering industry is likely to remain until the worldwide the Pandemic situation improves. Although the Group will continue to closely monitor market conditions, explore new sources of vegetables and fruits supplies, fine-tune its product mix and implement cost management measures, it is relatively unlikely for the catering industry to be fully recovered within a short period of time. As such, the prospect of the catering industry in the foreseeable future remain uncertain.

### **3. Reasons for the Subscription and use of proceeds**

As stated in the Letter from the Board, the Company and Ace Source have agreed under the Subscription Agreement that Ace Source shall not be obliged to but may, at its absolute discretion, complete the subscription of the Subscription Shares if the sale and purchase of the Sale Shares as is contemplated by the Share Purchase Agreement does not complete simultaneously. As such, the Subscription forms part and parcel of the transactions contemplated under the Share Purchase Agreement and therefore a crucial part for achieving the Share Transfer Completion, and only following the Share Transfer Completion, the Offer will then be made. Upon Completion, Ace Source will be interested in approximately 51.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription and the Share Transfer together allow Ace Source to take statutory control over the Group (i.e. not less than 50.1% of the issued capital of the Company). During the negotiations among the parties to the Agreements, Ace Source has expressed its intention to obtain not less than 50.1% of the issued Shares. As Mr. Liu, the ultimate beneficial owner of the Vendor and the founder of the Group, intends to maintain the Retained Shares as long-term investments, in the event where the Subscription has not taken place, Ace Source would only be able to acquire approximately 41.27% of the issued share capital of the Company pursuant to the Share Transfer. In view of the uncertainty of receiving sufficient offer acceptances so that Ace Source will obtain over 50.1% voting rights of the Company, the Subscription is intended by Ace Source to secure statutory control over the Group before the commencement of the Offer. The Directors consider the Subscription to be an appropriate means of raising additional capital for the Company without incurring interest costs whilst broadening the capital base of the Company.

In addition, the Subscription will bring in new capital to the Group which Ace Source considers will strengthen the Group's balance sheet. The estimated net proceeds from the Subscription is approximately HK\$36.8 million, representing a net price of approximately HK\$0.146 per Subscription Share. The Company intends to apply (i) approximately HK\$22 million of the net proceeds for repaying the Group's bank borrowings; (ii) approximately HK\$10 million of the net proceeds for establishing two retail outlets to expand the sales channels for the food ingredients of the Group to the retail market; and (iii) the balance of the net proceeds (i.e. approximately HK\$4.8 million) towards general working capital purposes.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter from the Board, the Board considers that while the Company does not have imminent funding need for the proceeds from the Subscription, in light of the downturn in the economy due to the lingering and persistent effects of the Pandemic, it is in the best interests of the Company and the Shareholders as a whole to (i) diversify the Group's sales channels into the retail market to better cope with market volatility and reduce the Group's reliance on demand from food service operators; (ii) reduce the Group's finance expenses by repaying part of its bank borrowings; and (iii) bolster the Group's liquidity given the uncertain business environment going forward.

### *Proposed repayment of the Group's bank borrowings*

With respect to our analysis on the proposed repayment of the Group's bank borrowings, we note that, as at 31 March 2021, the Group had outstanding bank borrowings of approximately HK\$43.4 million as mentioned in the table 2 headed "Summary of the consolidated financial position of the Group" above. Details of the list of Group's outstanding bank borrowings are set out under section headed "Reasons for the Subscription and use of proceeds" in the Letter from the Board. We note that the Group will almost retire three out of four current bank loans that it currently kept with China Construction Bank (Asia) Corporation Limited ("CCB") and OCBC Wing Hang Bank Limited ("OCBC"). After the relevant repayments, the Group will only keep the bank loan with OCBC with an outstanding bank loan balance of approximately HK\$20.3 million as at 31 March 2021. Given the proposed repayment will reduce the total outstanding bank borrowing balances by more than half, we consider that this will enable the Group to significantly reduce the relevant finance costs and bring positive contribution to the Group's earnings.

On another note, we note that as at the Latest Practicable Date, the effective interest rate of CCB Loan 1 and CCB Loan 2 (as defined in the Letter from the Board) was more than 2% while the effective interest rate of OCBC Loan 1 and OCBC Loan 2 (as defined in the Letter from the Board) was less than 2%. In view of the above, we consider that the proposed use of proceeds to repay CCB's bank borrowings while keeping OCBC Loan 2 (as defined in the Letter from the Board) to be a reasonable decision made by the Management.

### *Proposed establishment of retail outlets*

With respect to our analysis on the proposed establishment of retail outlets, Independent Shareholders' attention are drawn to the breakdown of the use of net proceeds and details of the expected timeline involved for establishment of the retail outlets are set out under section headed "Reasons for the Subscription and use of proceeds" in the Letter from the Board.

We note that as stated in the Letter from the Board, as at the Latest Practicable Date, no agreement has been entered into by the Group in relation to the establishment of the retail outlets and the Company undertakes to make further announcement(s) in relation to the establishment of the retail outlets in accordance with the Listing Rules in a timely manner.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Although we are not in an appropriate position to comment on the commercial merits of the Company's decision to establish two retail outlets, we do recognise that the establishment of the two retail outlets to expand the sales channels for the food ingredients of the Group to the retail market is broadly in line with Ace Source's intention to: (i) continue the principal business of the Group immediately after completion of the Offer; and (ii) diversify the principal business of the Group with an objective to broaden its income source as the Group does not currently generate any income from any retail channels.

As stated under section headed "2. Information on the Group" above, the revenue of the Group has been decreasing since the outbreak of the Pandemic and the situation is expected to remain for a period of time until there is a significant improvement in the Pandemic situation. The decrease in demand for food ingredients from food service operators since the outbreak of the Pandemic has worsened the Group's financial performance. As such, the Group incurred loss before tax in both FY2020 and FY2021. In view of the above, we consider that the Subscription, which is interest-free in nature, will: (i) facilitate the Group to obtain new equity capital to phase out the Group's existing indebtedness; (ii) reduce gearing ratio without incurring additional finance cost while strengthening the Group's balance sheet; and (iii) provide the necessary capital and liquidity for retail outlet expansion to achieve sales channel expansion of the Group.

#### **4. Principal terms of the Subscription Agreement**

Pursuant to the Subscription Agreement, Ace Source has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 252,000,000 new Shares for an aggregate Subscription Price of HK\$37,800,000, being HK\$0.15 per Subscription Share, in cash.

The Subscription Shares represent (i) 20.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, immediately before entering into the Subscription Agreement and the Share Purchase Agreement, Ace Source and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### ***Consideration for the Subscription Shares***

The Subscription Shares will be subscribed by Ace Source at the Subscription Price of HK\$0.15 per Subscription Share.

The aggregate nominal value of the Subscription Shares is HK\$2,520,000, and the market value of the Subscription Shares is HK\$35,280,000, based on the closing price of HK\$0.140 per Share on the Last Trading Day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Subscription Price of HK\$0.15 per Subscription Share has been arrived at after arm's length negotiations between Ace Source and the Company, with reference to, among others, (i) the business outlook and financial performance of the Group; and (ii) the consideration per Sale Share of HK\$0.15.

The consideration for the Subscription will be payable in cash by Ace Source to the Company at the Subscription Completion.

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Subscription Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

### *Conditions precedent to the Subscription Completion*

Completion of the Subscription Agreement shall be subject to the following conditions precedent being fulfilled (or, where applicable, waived):

- (a) the Shares remaining listed and traded on the Stock Exchange; no notification or indication being received from the Stock Exchange or the SFC prior to the Subscription Completion that the Company may not be suitable for listing for the purposes of the Listing Rules or that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than seven consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the Stock Exchange or the SFC for the Joint Announcement and/or any other announcements relating to the transactions contemplated under the Subscription Agreement and/or the Share Purchase Agreement);
- (b) the passing by the Shareholders or, where applicable, the independent Shareholders, at a general meeting all resolutions as may be required under the Listing Rules and/or any other applicable laws and regulations, including without limitation, resolutions approving the Subscription Agreement and the transactions contemplated thereunder;
- (c) the Company's warranties remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Subscription Agreement and the Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Subscription Completion Date respectively;
- (d) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission not being subsequently withdrawn or revoked by the Stock Exchange;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (e) if required, all other approvals, consents and acts required under the Listing Rules and/or any other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the Subscription and the transactions contemplated thereunder having been obtained or completed or, where applicable, the relevant waiver from compliance with any such laws, rules, regulations or requirements having been obtained from the Stock Exchange, the SFC or any other relevant regulatory authorities or any relevant third parties;
- (f) the conditions precedent to the completion of the Share Purchase Agreement having been fulfilled or waived (where permitted) (save for condition precedent (d) which requires all the conditions precedent to the completion of the Subscription Agreement to be fulfilled or waived (where permitted)); and
- (g) warranties given by Ace Source pursuant to the Subscription Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the date of the Subscription Agreement and the Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Subscription Completion Date respectively.

Ace Source may, at its absolute discretion, waive at any time by notice in writing to the Company conditions precedent (c) and (f) above. The Company may, at its absolute discretion, waive at any time by notice in writing to Ace Source condition precedent (g) above. Conditions precedent (a), (b), (d) and (e) are not waivable in any event.

In respect of condition precedent (e), as at the Latest Practicable Date, save as mentioned in conditions precedent (b) and (d), there was no other approval, consent, act or waiver from compliance is required in connection with the Subscription Agreement and the transactions contemplated thereunder, whether under the Listing Rules or any law or regulation or from any third party.

### ***Subscription Completion***

The Subscription Completion shall take place on the third Business Day after the day on which all the conditions precedent above have been fulfilled or waived or such other date as the parties to the Subscription Agreement may agree in writing.

If any of the conditions precedent is not fulfilled or, where applicable, waived by Ace Source or the Company on or before the Long Stop Date, neither Ace Source or the Company shall be obliged to proceed to Subscription Completion; the Subscription Agreement shall terminate and cease to have any effect; and neither Ace Source or the Company shall have any claim against each other, except in respect of any claim arising out of any antecedent breach of any provision of the Subscription Agreement.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As mentioned in the section headed “3. Reasons for the Subscription and use of proceeds” above, the Company and Ace Source agreed under the Subscription Agreement that Ace Source shall not be obliged to but may, at its absolute discretion, complete the subscription of the Subscription Shares if the sale and purchase of the Sale Shares as is contemplated by the Share Purchase Agreement does not complete simultaneously.

### *Specific Mandate*

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders by way of poll at the EGM.

### *Listing application in respect of the Subscription Shares*

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### *Ranking of the Subscription Shares*

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

## **5. Evaluation on the Subscription Price**

### *(i) Comparison of the Subscription Price*

The Subscription Price of HK\$0.15 represents:

- (a) a premium of approximately 7.14% over the closing price of HK\$0.140 per Share as quoted on the Stock Exchange as at the Last Trading Day;
- (b) a discount of approximately 4.46% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days immediately prior to the Last Trading Day;
- (c) a discount of approximately 11.76% to the average closing price of approximately HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days immediately prior to the Last Trading Day; and
- (d) a premium of approximately 102.70% over the unaudited consolidated net asset value (“NAV”) attributable to the Shareholders per Share of approximately HK\$0.074 per Share as at 31 March 2021 (calculated based on the unaudited consolidated NAV attributable to the Shareholders of approximately HK\$93.28 million (the figures of which have been agreed

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

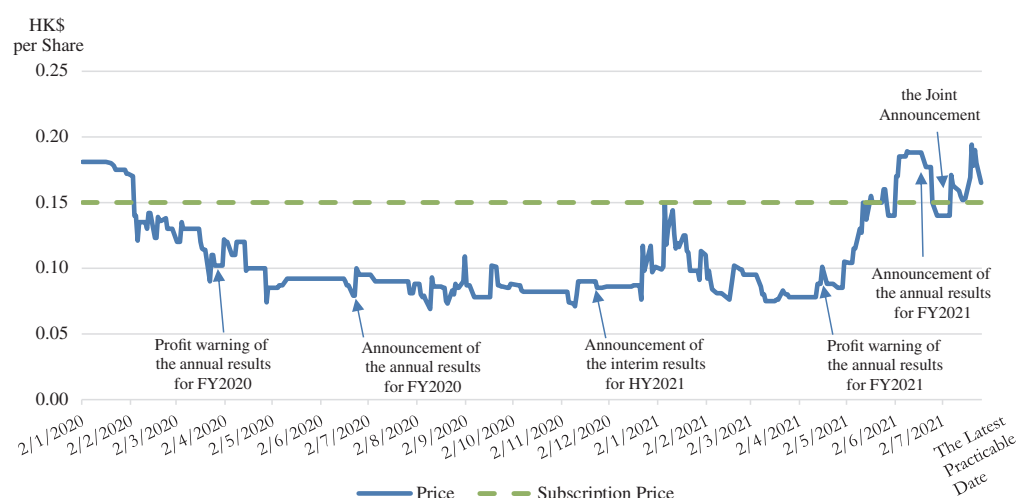
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with the Group’s auditors) as at 31 March 2021 as shown in the 2021 Annual Results Announcement and 1,260,000,000 Shares in issue as at 31 March 2021).

(ii) *Historical price performance of the Shares*

Set out below is the chart showing the daily closing Share prices as quoted on the Stock Exchange during the period commencing from 1 January 2020 up to and including the Latest Practicable Date (the “**Review Period**”). In determining the length of the Review Period, we have considered: (i) if the length is too long such as three to five years prior to the Latest Practicable Date, it may not provide a good reference as it may not reflect the latest market conditions; and (ii) the catering industry in which the Group currently operates has been adversely affected by the Pandemic since early 2020, the Share price performance during such period would better reflect the Company’s current market value. Based on the above, we consider the Review period we adopted to be fair and reasonable.

**Chart 1: Closing Share prices during the Review Period**



As shown in Chart 1 above, the Shares traded below the Subscription Price in most of the times during the Review Period. Out of the 386 trading days in the Review Period, the Shares traded below the Subscription Price in 325 of these trading days.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the period from 4 February 2020 to 11 May 2021, the closing Share prices were generally traded below the Subscription Price and between HK\$0.069 per Share and HK\$0.149 per Share. After our review of the Share price movement of the aforementioned period, we noted that following notable events during the aforesaid period: (i) the Company released a profit warning announcement on 31 March 2020 stating that the Group was expected to record a net loss of approximately HK\$2.4 million for the eleven months ended 29 February 2020 as compared to a profit of approximately HK\$14.3 million was recorded for the eleven months ended 28 February 2019; and (ii) the Company released a profit warning announcement on 16 April 2021 stating that the Group was expected to record a loss of approximately HK\$3.6 million for the eleven months ended 28 February 2021 as compared to a loss of approximately HK\$1.2 million before professional fees for the Transfer of Listing for the corresponding period in 2020. Save for the above, we did not note any other notable events which could have led to the Share price performance during the aforesaid period.

The Share price closed at HK\$0.14 on the Last Trading Day and surged by approximately 22.1% to HK\$0.171 on 7 July 2021, being the first trading day following the Joint Announcement. From 7 July 2021 to the Latest Practicable Date, the Shares traded between HK\$0.152 and HK\$0.194 with an average Share price of HK\$0.167. The Share price closed at HK\$0.165 as at the Latest Practicable Date. We are of the view that the aforesaid surge in Share prices could have been driven by the Joint Announcement.

### *(iii) Liquidity*

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total issued Shares and the public float during the Review Period:

**Table 3: Trading volume of the Shares**

	Total trading volume <i>(No. of Shares)</i>	No. of trading days <i>Note 1</i>	Average daily trading volume <i>(No. of Shares)</i>	Average daily trading volume to the total number of Shares in issue <i>(Approximate %) Note 2</i>	Average daily trading volume to the number of Shares held by public Shareholders <i>(Approximate %) Note 3</i>
<b>2020</b>					
January	1,190,000	20	59,500	0.005%	0.011%
February	4,020,000	20	201,000	0.016%	0.037%
March	2,840,000	22	129,091	0.010%	0.024%
April	3,470,000	19	182,632	0.014%	0.034%
May	920,000	20	46,000	0.004%	0.009%
June	940,000	21	44,762	0.004%	0.008%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	Total trading volume <i>(No. of Shares)</i>	No. of trading days <i>Note 1</i>	Average daily trading volume <i>(No. of Shares)</i>	Average daily trading volume to the total number of Shares in issue <i>(Approximate %) Note 2</i>	Average daily trading volume to the number of Shares held by public Shareholders <i>(Approximate %) Note 3</i>
July	110,000	22	5,000	0.001% <sup>Note 4</sup>	0.001%
August	4,180,000	21	199,048	0.016%	0.037%
September	3,230,000	22	146,818	0.012%	0.027%
October	140,000	18	7,778	0.001%	0.001%
November	1,310,000	21	62,381	0.005%	0.012%
December	52,800,000	22	2,400,000	0.190%	0.444%
<b>2020 Average</b>	<b>6,262,500</b>	<b>21</b>	<b>290,334</b>	<b>0.023%</b>	<b>0.054%</b>
<b>2021</b>					
January	41,080,000	20	2,054,000	0.163%	0.380%
February	4,400,000	18	244,444	0.019%	0.045%
March	640,000	23	27,826	0.002%	0.005%
April	840,000	19	44,211	0.004%	0.008%
May	19,010,000	20	950,500	0.075%	0.176%
June	13,380,000	21	669,000	0.053%	0.124%
July (up to the Latest Practicable Date)	107,320,000	17	7,665,714	0.608%	1.420%

Source: website of the Stock Exchange

Notes:

- Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
- The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
- The calculation is based on the average daily trading volume of the Shares divided by 540,000,000 Shares, being the number of Shares held by the public Shareholders in the relevant period.
- The average daily trading volume of 5,000 Shares represented approximately 0.0004% of the total number of Shares in issue. For presentation purpose, 0.0004% was rounded up to three decimal places to 0.001%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the average daily trading volume of the Shares for the respective month/period during the Review Period ranged from 5,000 Shares to 7,665,714 Shares represented approximately 0.001% to 0.608% of the total issued Shares and approximately 0.001% to 1.420% of the issued Shares held by the public.

The average daily trading volume for the period from 1 January 2020 to the Last Trading Day was approximately 419,837 Shares, representing approximately 0.078% of the Shares held by the public Shareholders. The highest daily trading volume was recorded on 6 January 2021, the trading volume reached approximately 15.8 million Shares, representing approximately 2.926% of the number of Shares held by the public Shareholders. However, we did not note any notable event which led to such high trading volume.

On the first trading day after the release of the Joint Announcement (i.e. 7 July 2021), the daily trading volume of the Shares increased to approximately 56.7 million Shares from nil Share as recorded on the Last Trading Day, representing approximately 10.500% of the number of Shares held by public Shareholders. Such increase in trading volume of the Shares would have been the initial market reaction to the Joint Announcement. Although the trading volume of the Shares was active on the first trading day after the release of the Joint Announcement (i.e. 7 July 2021), the trading volume reduced to approximately 8.6 million Shares on the next trading day (i.e. 8 July 2021), representing approximately 1.600% of the number of Shares held by public Shareholders. The average daily trading volume in July 2021 was approximately 7,665,714 Shares, representing: (i) approximately 0.608% of the total number of issued Shares; and (ii) approximately 1.420% of the number of Shares held by the public Shareholders.

We consider that the relatively high daily trading volume in July 2021 might have been attributable to the initial market reactions to the Share Transfer, the Subscription and the Offer after the release of the Joint Announcement. The trading of the Shares was generally thin during the Review Period. On this basis, the Company may be required to conduct placements of new Shares with issue prices at reasonable discounts to the prevailing Share prices in order to appeal to the potential investors. The Subscription, on the contrary, was priced at premiums compared to the Share prices at most of the time during the Review Period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(iv) Comparable Issues*

After considering the key features of the Subscription which include, among others, the following: (a) the Company is listed on Main Board of the Stock Exchange; (b) the Subscription involves the allotment and issue of new Shares under the Specific Mandate; and (c) the Subscription is a connected transaction, we have identified from the website of the Stock Exchange, which we consider to be an exhaustive list of six new share issue transactions (the “**Comparable Issues**”) announced since 30 December 2020 and up to the Last Trading Day by Hong Kong listed companies with the following key features, all of which resemble the same key features of the Subscription:

- (a) the listed company was listed on the Main Board of the Stock Exchange;
- (b) the subscription involved the allotment and issue of new shares under specific mandate; and
- (c) the subscription was a connected transaction for the relevant listed company.

We have also specifically excluded those transactions (a) which had subsequently lapsed; (b) announced by listed companies which, as at the date of announcement and/or currently, were/are under prolonged suspension of trading of shares on the Stock Exchange; (c) which was part of a corporate restructuring or corporate rescue; and (d) which issued new shares pursuant to an equity incentive scheme. These exclusions are considered appropriate as the Subscription also does not align with the aforesaid characteristics.

Although the subject companies involved in the Comparable Issues might have different principal activities, market capitalisation, profitability and financial positions as compared to those of the Company and the circumstances and market environment surrounding such Comparable Issues may be different from those relating to the Company, the selection criteria adopted by us are consistent with all the abovementioned key features of the Subscription which we consider to be the closest set of comparables to the Subscription. As such, we consider that the Comparable Issues to be a fair and representative sample for us to assess the fairness and reasonableness of the Subscription Price.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets out the details of the Comparable Issues:

**Table 4: Comparable Issues**

Date of announcement	Company name	Stock code	Company description	Market capitalisation on the Last Trading Day (HK\$ million)	Premium/(discount) of Subscription Price to the					NAV attributable to the shareholders per share immediately prior to the announcement ("NAV Comparison") <sup>Note 1</sup>
					Closing share price as at the last day of trading immediately prior to the announcement ("LTD Comparison") <sup>Note 1</sup>	Average closing share price for the 5 trading days immediately prior to the announcement ("5-day Comparison") <sup>Note 1</sup>	Average closing share price for the 10 trading days immediately prior to the announcement ("10-day Comparison") <sup>Note 1</sup>	Average closing share price for the 60 trading days immediately prior to the announcement ("60-day Comparison") <sup>Note 1</sup>	Average closing share price for the 120 trading days immediately prior to the announcement ("120-day Comparison") <sup>Note 1</sup>	
14 Jan-2021	China Dredging Environment Protection Holdings Limited	871	A) Dredging business; and B) Property management business	206	11.11	17.65	23.30	65.06	79.75	(63.41) <sup>Note 2</sup>
8 Mar-2021	Carrianna Group Holdings Company Limited	126	Investment holding, property investment and development, and the operations of hotel, restaurant and food businesses.	990	(10.00)	(12.45)	(12.28)	(6.61)	(6.94)	(84.28)
7 Apr-2021	Qidian International Company Limited	1280	Retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance in the PRC	241	0.00	3.26	1.88	(1.64)	(9.04)	N/A <sup>Note 3</sup>
31 May-2021	Hong Kong Resources Holdings Company Limited	2882	Trademark licensing and retailing for selling gold and jewellery products in Hong Kong, Macau and Mainland China and the wholesaling and processing of gold and jewellery products in Mainland China	73	(15.25)	(15.54)	(15.82)	(17.10)	0.18	N/A <sup>Note 3</sup>

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Company description	Market capitalisation on the Last Trading Day (HK\$ million)	Premium/(discount) of Subscription Price to the					NAV attributable to the shareholders per share immediately prior to the announcement ("NAV Comparison") <i>Note 1</i>
					Closing share price as at the last day of trading immediately prior to the announcement ("LTD Comparison") %	Average closing share price for the 5 trading days immediately prior to the announcement ("5-day Comparison") %	Average closing share price for the 10 trading days immediately prior to the announcement ("10-day Comparison") %	Average closing share price for the 60 trading days immediately prior to the announcement ("60-day Comparison") %	Average closing share price for the 120 trading days immediately prior to the announcement ("120-day Comparison") %	
4 Jun-2021	DTXS Silk Road Investment Holdings Company Limited	620	(i) Auction business and sale of antiques, art financing business and operation of the Art Central Business District business; (ii) operation of vineyard, production and sale of wines, trading of merchandises and related business; and (iii) properties investment and development business.	3,691	(8.43)	(6.40)	(0.43)	17.77	46.78	263.05
9 Jun-2021	Persta Resources Inc. ("Persta")	3395	Natural gas and crude oil exploration and production, with a focus on natural gas resources.	138	119.18	120.39	122.84	97.53	107.77	821.37 <i>Note 4</i>
				Maximum	119.18	120.39	122.84	97.53	107.77	821.37
				Minimum	(15.25)	(15.54)	(15.82)	(17.10)	(9.04)	(84.28)
				Average	16.10	17.82	19.91	25.84	36.42	234.18
				Median	(4.22)	(1.57)	0.72	8.07	23.48	99.82
				The Company	7.14	(4.46)	(11.76)	13.24	31.55	102.70

*Source: Annual reports and monthly returns of the corresponding Comparable Issues*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. It is calculated by dividing the NAV attributable to the shareholders as at the closest reporting date prior to the announcement date by the number of issued issues in the relevant month.
2. The figure of the NAV attributable to the shareholders was reported in Renminbi (“RMB”) and were converted into HK\$ at the exchange rate of HK\$1.1882 to RMB1, which was the middle rate published by the People’s Bank of China on its website as at 31 December 2020, being the reporting date of the NAV attributable to the shareholders.
3. It was not applicable as the Comparable Issue(s) was/were at a net liability position.
4. The figure of the NAV attributable to the shareholders was reported in Canadian dollar and were converted into HK\$ at the exchange rate of HK\$6.0878 to 1 Canadian dollar, which was the exchange rate published by Bloomberg as at 31 December 2020, being the reporting date of the NAV attributable to the shareholders.

As set out in the table above, most of the Comparable Issues involved subscriptions of new shares at various degrees of discounts to their respective historical trading prices. The Subscription Price represents a premium of approximately 7.14% over the closing price on the Last Trading Day, which is within the range and higher than the median of the Comparable Issues, which was a discount of approximately 4.22%. We note that the average premiums of the Comparable Issues were, to a large extent, attributable to the extreme price premiums recorded by Persta.

The Subscription Price represents: (i) discounts of approximately 4.46% and 11.76% to the average closing prices of the Shares for 5 and 10 trading days up to and including the Last Trading Day, which are within the ranges of the Comparable Issues across the same trading day categories although they are lower than both the average and median premiums/discounts of the Comparable Issues across the same trading day categories; (ii) premiums of approximately 13.24% and 31.55% over the average closing prices of the Shares for 60 and 120 trading days up to and including the Last Trading Day, which are more favourable than the median premiums of approximately 8.07% and 23.48% of the Comparable Issues across the same trading day categories; and (iii) a premium of approximately 102.70% over the unaudited consolidated NAV attributable to the Shareholders per Share as at 31 March 2021, which is higher than the median premium of approximately 99.82% of the Comparable Issues.

After analysing the aforementioned six types of comparisons: (i) LTD Comparison; (ii) 5-day Comparison; (iii) 10-day Comparison; (iv) 60-day Comparison; (v) 120-day Comparison; and (vi) NAV Comparison, we note that the premiums/discounts represented by the Subscription Price are generally more favourable than the median premiums/discounts of the Comparable Issues all types of comparisons save for 5-day Comparison and 10-day Comparison.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. Financial effects

#### *NAV*

As set out in the 2021 Annual Results Announcement, NAV attributable to the Shareholders was approximately HK\$93.3 million as at 31 March 2021. Upon the Subscription Completion, the Management expects that NAV attributable to the Shareholders would increase by the amount of the net proceeds from the Subscription of approximately HK\$36.8 million. Accordingly, the Subscription is expected to have a positive impact on NAV attributable to the Shareholders.

#### *Gearing ratio*

As at 31 March 2021, the gearing ratio of the Group was approximately 46.5%. Upon Subscription Completion, the total equity of the Group would increase, and according to the section headed “3. Reasons for the Subscription and use of proceeds” above, approximately HK\$22 million of the net proceeds for repaying the Group’s bank borrowings, the gearing ratio of the Group will therefore be expected to improve.

#### *Working capital*

Since the Subscription will facilitate the Group to raise net proceeds of approximately HK\$36.8 million, it is expected to improve the working capital position of the Group upon Subscription Completion.

Independent Shareholders should however note that the above analyses are for illustrative purpose only and do not purport to represent the precise financial performance and position of the Group upon Subscription Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7. Dilution effect

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion but before the commencement of the Offer (assuming no other changes in the issued share capital and shareholding in the Company from the Latest Practicable Date up to Completion but before the commencement of the Offer):

**Table 5: Shareholding table of the Company illustrating the dilution effect of Completion**

	As at the Latest Practicable Date		Immediately upon Completion but before the commencement of the Offer	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ace Source <sup>(Note 1)</sup>	–	–	772,000,000	51.06
Vendor <sup>(Note 2)</sup>	720,000,000	57.14	200,000,000	13.23
<b>Sub-total for Ace Source and parties acting in concert with it</b>	<b>720,000,000</b>	<b>57.14</b>	<b>972,000,000</b>	<b>64.29</b>
Public Shareholders	<u>540,000,000</u>	<u>42.86</u>	<u>540,000,000</u>	<u>35.71</u>
<b>Total</b>	<b><u>1,260,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,512,000,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Ace Source is owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively. For more details, please refer to paragraph headed “Information on Ace Source” as set out in the letter from the Board
2. The Vendor is beneficially wholly-owned by Mr. Liu.

As extracted from the Letter from the Board and illustrated above, the shareholding interests of the existing public Shareholders would be reduced from approximately 42.86% as at the Latest Practicable Date to approximately 35.71% immediately upon Completion but before the commencement of the Offer, representing a slight decrease of approximately 7.15%.

There will be certain extent of dilution to the shareholding interest of the existing public Shareholders as a result of the Subscription. However, taking into account (i) the reasons for and benefits of the Subscription as discussed in the section headed “3. Reasons for the Subscription and use of proceeds” above; (ii) the Subscription Price is considered to be fair and reasonable as set out in the section headed “5. Evaluation of the Subscription Price” above; (iii) the Subscription are expected to bring above positive financial effects to the Group as set out in the above section; and (iv) the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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dilution effect to the existing public Shareholders is relatively mild (i.e. 7.15%), we consider that the dilution to the existing public Shareholders as a result of the Subscription to be acceptable.

### OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we are of the view that although the entering into of the Subscription is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned and the Subscription is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Cheung On Kit Andrew**  
*Executive Director*

*Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.*

**RESPONSIBILITY STATEMENT**

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

**DISCLOSURE OF INTERESTS****(i) Directors' interests in the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors, proposed Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company; or (iv) disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

*Long position in shares of the Company*

<b>Name of Director</b>	<b>Capacity/nature</b>	<b>Number of Shares held/ interested</b>	<b>Approximate percentage of interest</b>
Mr. Liu ( <i>Note 1</i> )	Interest of a controlled corporation	720,000,000	57.14%
Ms. Wu ( <i>Note 2</i> )	Interest of spouse	720,000,000	57.14%

*Note:*

- (i) Mr. Liu beneficially owns the entire issued share capital of Classic Line Holdings Limited (“**Classic Line**”). Therefore, Mr. Liu is deemed, or taken to be, interested in all the Shares held by Classic Line for the purposes of the SFO. Mr. Liu is the sole director of Classic Line.
- (ii) Ms. Wu is the spouse of Mr. Liu. Therefore, Ms. Wu is deemed to be, or taken to be, interested in the same number of Shares in which Mr. Liu is interested for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage to the number of issued Shares</b>
Classic Line	Beneficial owner	720,000,000	57.14%

Save as disclosed above, as at the Latest Practicable Date, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section “Directors’ interests in the Company” above, had any interest or a short position in the Shares or underlying Shares as recorded in the register of the Company required to be kept under Section 336 of the SFO.

**(iii) Director’s role in substantial Shareholders**

As at the Latest Practicable Date, as far as known to the Directors, none of the Directors was a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

**(iv) Competing interests**

As at the Latest Practicable Date, as far as known to the Directors, none of the Directors or their respective close associates was interested in any businesses apart from the Group’s businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

**SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was as follows:

<b>Number of Shares</b>	<b>Amount (HK\$)</b>
1,260,000,000	12,600,000

All the Shares in issue rank pari passu in all respects, including all rights as to dividends, voting and capital.

**DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

Since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up, and up to the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to, any member of the Group. In addition, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) were continuous contracts with a notice period of 12 months or more; or (b) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**EXPERT'S QUALIFICATIONS AND CONSENT**

The following is the qualifications of the expert who has given opinion or advice which is contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
Opus Capital Limited	A licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser

As at the Latest Practicable Date, the expert named above was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, either directly or indirectly, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Company 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 member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and all references to its name (including its qualifications) in the form and context in which they are included.

#### **MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

#### **MISCELLANEOUS**

- (a) Ms. Yim Sau Ping is the company secretary and the financial controller of the Company. She is responsible for the financial management, accounting and company secretarial duties of the Group. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a bachelor's degree in accountancy. She has over 12 years financial management, accounting and auditing experience in Hong Kong.
- (b) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The principal place of business in Hong Kong of the Company is situated at Workshop No. A-B, 1/F, Sunking Factory Building, No. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong.
- (d) The branch share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 54 Hopewell Centre, 183 Queen's Road East, Hong Kong. The principal share registrar and transfer office in the Cayman Islands of the Company is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (e) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.



**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at Workshop No. A-B, 1/F, Sunking Factory Building, No. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong from the date of this circular up to and including the date of the EGM:

1. this circular;
2. the memorandum and articles of association of the Company;
3. the annual results announcement of the Company for the year ended 31 March 2021;
4. the published annual report of the Company containing the audited consolidated financial statements of the Company for the year ended 31 March 2020;
5. the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
6. the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular;
7. the written consent referred to in the paragraph headed “Expert’s Qualifications and Consent” in this appendix;
8. the Share Purchase Agreement; and
9. the Subscription Agreement.

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## NOTICE OF EGM

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### GOAL FORWARD HOLDINGS LIMITED

### 展程控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1854)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Goal Forward Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Thursday, 12 August 2021 at Suite 3003, 30/F, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Sha Tin, New Territories, Hong Kong, to consider and, if thought fit, passing with or without amendment, the following resolutions:

#### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement dated 29 June 2021 (the “**Subscription Agreement**”) (a copy of which is marked “A” now produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) entered into between the Company and Ace Source Holdings Limited (“**Ace Source**”) in respect of the subscription of 252,000,000 new shares of the Company (the “**Subscription Share(s)**”) by Ace Source at a subscription price of HK\$0.15 per Subscription Share and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to exercise the powers of the Company to allot and issue the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement (subject to the fulfilment of the conditions precedent set out in the Subscription Agreement); and **THAT** the Subscription Shares, when issued and fully paid, shall rank pari passu among themselves in all respects and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue; and **THAT** the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or other special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

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## NOTICE OF EGM

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- (c) any one Director be and is hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary, desirable or expedient to give effect to or in connection with the Subscription Agreement or any transactions contemplated thereunder.”

By order of the Board  
**Goal Forward Holdings Limited**  
**Liu Chi Ching**  
*Chairman and Executive Director*

Hong Kong, 28 July 2021

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The board of Directors has fixed 4:30 p.m. on Friday, 6 August 2021 as the record time and date for ascertaining shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the forthcoming EGM to be held on Thursday, 12 August 2021, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 August 2021.
7. In compliance with Rule 13.39(4) of the Listing Rules, voting on all proposed resolutions set out in this notice will be decided by way of a poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.95(5) of the Listing Rules.

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## NOTICE OF EGM

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8. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 9:30 a.m. and before the above meeting time, the meeting will be postponed. The Company will post an announcement on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://cyfood.com.hk>) to notify shareholders of the date, time and place of the rescheduled meeting.
9. A form of proxy for use by shareholders at the EGM is enclosed.

*As at the date of this notice, the Board comprises Mr. Liu Chi Ching and Ms. Wu Shuk Kwan as executive Directors; Mr. Wong Chung Yeung as non-executive Director; and Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit as independent non-executive Directors.*