THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Ever Harvest Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

EVER HARVEST GROUP HOLDINGS LIMITED
永 豐 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1549)

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

MERDEKA 領智

A letter from the Board is set out on pages 4 to 13 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 17/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 16 December 2020 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the meeting is enclosed herewith. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

In line with the prevailing practices and guidelines on the prevention of the coronavirus (COVID-19) and in the interests of the health and safety of the Shareholders, Directors, staff and other participants of the EGM (the "**Stakeholders**"), the Company may, depending on the development with regard to COVID-19 pandemic, implement precautionary measures at the EGM which may include without limitation as follows:

(1) All attendees will be required to wear surgical face masks before they are permitted to attend and during their attendance of the EGM.

(2) There will be compulsory body temperature screening for all persons before entering the EGM venue and anyone decline to submit to temperature testing or be found to be with a body temperature higher than 37.4 degree Celsius will be denied entry into the EGM venue or be required to promptly leave the EGM venue.

(3) Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the EGM; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the EGM venue or be required to promptly leave the EGM venue.

(4) No refreshments will be provided to attendees.

(5) Other practical precautions which may include maintaining appropriate distancing and spacing at the venue or limiting the number of attendees at the EGM as may be necessary to avoid over-crowding.

The Company may implement further precautionary measures at the EGM as appropriate.

In light of the present risks posed by the COVID-19 pandemic and if such risks continue at the time of the EGM, in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and would like to encourage the Shareholders to appoint the chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

30 November 2020

CONTENTS

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

"Acquisition"	the acquisition of Sale Shares under the Agreement
"Agreement"	the agreement entered into between the Vendors and the Purchaser on 2 November 2020 (after trading hours) in relation to the Acquisition and the Assignment
"Assignment"	the assignment of the Shareholder's Loan under the Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday or Sunday) on which commercial banks are open for business in Hong Kong
"Company"	Ever Harvest Group Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Transaction pursuant to the terms and conditions of the Agreement
"Completion Date"	the fifth Business Day after the fulfilment of all the Conditions or on such other date as the parties may agree in writing pursuant to the Agreement
"Conditions"	the condition(s) precedent to Completion set out in the Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration payable by the Purchaser to the Vendors for the Acquisition and the Assignment
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company convened to be held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Target Company upon Completion

"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China
"Independent Board Committee"	an independent committee of the Board established which comprises all the independent non-executive Directors to advise the Independent Shareholders on Agreement and the transactions contemplated thereunder
"Independent Shareholders"	all Shareholders other than Mr. Lau Yu Leung, Madam Tong Hung Sum, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry, and those who have a material interest in the Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	26 November 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2020 (or such other date as may be agreed by the Vendors and the Purchaser in writing)
"Merdeka" or "Independent Financial Adviser"	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder
"PRC"	The People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of The People's Republic of China and Taiwan
"Property"	the property held by the Target Company, details of which are set out in the paragraph headed "Information of the Target Company" of the Letter from the Board in this circular
"Purchaser"	Ever Harvest International Holdings Limited (永豐國際控股集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

"Sale Shares"	2 ordinary shares, representing the entire issued share capital of the Target Company
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Shareholder's Loan"	the entire amount of shareholder's loan advanced by Mr. Lau Yu Leung to the Target Company in the sum of approximately HK$34.4 million
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Eternity Hong Kong Investment Limited (恒和香港投資有限公司), a limited liability company established under the laws of Hong Kong
"Transaction"	collectively, the Acquisition and the Assignment as contemplated under the Agreement
"Vehicle"	a "Bentley" brand private car manufactured in 2015
"Vendor(s)"	Mr. Lau Yu Leung and Madam Tong Hung Sum, each being a Director and Controlling Shareholder of the Company
"%"	per cent

EVER HARVEST GROUP HOLDINGS LIMITED
永 豐 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1549)

Executive Directors:
Mr. Lau Yu Leung *(Chairman)*
Mr. Lau Tak Fung Wallace *(Chief Executive Officer)*
Mr. Lau Tak Kee Henry

Non-executive Director:
Madam Tong Hung Sum

Independent Non-executive Directors:
Mr. Lo Wan Sing Vincent
Mr. Lam Lo
Mr. Lee Ka Lun
Mr. Kam, Eddie Shing Cheuk

Company Secretary:
Mr. Yu Ho Ming

Registered Office in the Cayman Islands:
Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Headquarter and Principal Place of Business in Hong Kong:
17/F, Excel Centre,
483A Castle Peak Road,
Cheung Sha Wan,
Kowloon,
Hong Kong

30 November 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE
TARGET COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 November 2020 in relation to, among other things, the Acquisition and the Assignment.

The purpose of this circular is to give you with, among other things, (i) further details of the transactions under the Agreement, (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders, (iii) a letter from Merdeka containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) the valuation report issued by the independent valuer on the Property; (v) the valuation report issued by the independent valuer on the Vehicle; (vi) other information as required under the Listing Rules; and (vii) a notice of the EGM at which resolution will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

THE AGREEMENT

A summary of the principal terms of the Agreement is as follows:

Date: 2 November 2020 (after trading hours)

Parties: Mr. Lau Yu Leung (as one of the Vendors);

Madam Tong Hung Sum (as one of the Vendors); and

Ever Harvest International Holdings Limited (the Purchaser), an indirect wholly-owned subsidiary of the Company.

As at the Latest Practicable Date, each of the Vendors (i.e. Mr. Lau Yu Leung and Madam Tong Hung Sum) is a Director and Controlling Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, Mr. Lau Yu Leung and Madam Tong Hung Sum, as the Vendors, conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire issued share capital of the Target Company. For details, please refer to the paragraph headed "Information of the Target Company" below.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

Assignment of Shareholder's Loan

Pursuant to the Agreement, Mr. Lau Yu Leung agreed to assign and the Purchaser agreed to take assignment of the entire amount of the Shareholder's Loan, which amounted to approximately HK$34.4 million.

Consideration

The total Consideration for the Acquisition and the Assignment is HK$74,000,000, among which the amount of HK$39,600,000 is the consideration for the Acquisition and HK$34,400,000 is the consideration for the Assignment. In accordance with the terms and conditions of the Agreement, the Consideration will be paid by cheque by the Purchaser to the Vendors (or any person(s) appointed by them) in the following manner:

1. the Purchaser shall pay HK$9,000,000 to Mr. Lau Yu Leung and HK$9,000,000 to Madam Tong Hung Sum on the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as part of the consideration for the Acquisition;

2. the Purchaser shall pay HK$34,400,000 to Mr. Lau Yu Leung on the day falling on the expiry of six months from the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as the consideration for the Assignment; and

3. the Purchaser shall pay the balance of HK$10,800,000 to Mr. Lau Yu Leung and HK$10,800,000 to Madam Tong Hung Sum on the day falling on the first anniversary of the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as the remaining consideration for the Acquisition.

The Consideration was determined after arm's length negotiations with reference to, among others:

1. the valuation of the Property and the Vehicle issued by the independent valuer at HK$75,110,000 as at 30 September 2020;

2. the unaudited reassessed net asset value of the Target Company in an amount of approximately HK$39.7 million which was determined by adding (i) the increase in the unaudited net assets value of the Target Company in an amount of approximately HK$44.0 million arising from the valuation of the Property and the Vehicle of the Target Company as assessed by the independent valuer as at 30 September 2020; and (ii) the unaudited net liabilities of the Target Company as at 30 September 2020 in the amount of approximately HK$4.3 million;

3. the amount of Shareholder's Loan in the amount of approximately HK$34.4 million as at 30 September 2020; and

4. the reasons and benefits of entering into the Transaction as stated under the paragraph headed "Reasons for the Transaction" below.

The Consideration will be financed by internal resources and/or external financing of the Group.

Conditions

Completion is subject to and conditional upon, among others, the fulfilment of the following Conditions:

(a) the passing of all resolutions by the Independent Shareholders (who are entitled to vote and not required to be abstained from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Agreement by the Company and the performance of the transactions contemplated thereunder in accordance with the relevant provisions in the Listing Rules, the articles of the association of the Company and the applicable laws and regulations in Hong Kong;

(b) the due execution of all transaction documents in respect of the transactions contemplated under the Agreement;

(c) the Purchaser having obtained a valuation report on the main assets of the Target Company as assessed by a qualified independent valuer engaged by the Purchaser confirming the value of the main assets of the Target Company is not less than HK$75,000,000;

(d) the warranties provided by the Vendors under the Agreement as at the date of the Agreement remaining true, accurate and not misleading as at the Completion Date;

(e) any necessary consent or approval from any third party (including but not limited to any bank(s)) and any notice required to be given to any third party in respect of the change of control of the Target Company under the Acquisition having been obtained and/or given (if applicable);

(f) the Target Company not having any event which causes material adverse effect to it;

(g) the Vendors having provided the Purchaser with the title deeds in respect of the Property and the title documents in respect of the Vehicle as requested by the Purchaser for the Purchaser's due diligence purpose; and

(h) all necessary approvals, filings, authorisations and consents from any authorities or third parties in respect of the transactions contemplated under the Agreement having been obtained (if applicable).

The Long Stop Date for the fulfillment of the Conditions is 31 December 2020 (or such other date as may be agreed by the Vendors and the Purchaser in writing). If any of the Conditions are not fulfilled on or before the Long Stop Date, the Purchaser is not obliged to complete the Acquisition and the Assignment, and the Agreement may be terminated by written notice by the Purchaser to the Vendors. If Condition (a) is not fulfilled on or before the Long Stop Date, the Agreement may be terminated by the Vendors by written notice to the Purchaser.

As at the Latest Practicable Date, condition (c) as set out above has been satisfied.

Completion

Subject to satisfaction of all the conditions precedent as stated above, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

Termination

The Purchaser and the Vendors may, at any time prior to the Completion Date, agree in writing to terminate the Agreement before Completion.

If the Purchaser fails to settle the Consideration in full in accordance with the Agreement, the Vendors shall have the right to request the Purchaser to return the Sale Shares and/or assign the Shareholder's Loan back to the Vendors within 60 days or such other time period as may be agreed by the Vendors, and the Vendors shall refund to the Purchaser all amounts of Consideration which have already been received from the Purchaser.

Indemnity

Pursuant to the Agreement, after the Completion Date, the Vendors agree to fully indemnify, protect, defend, assume any liability, save and hold harmless the Purchaser from and against any claim, demand, suit, liabilities, penalties, losses, damages, or charges which at any time may be suffered by the Purchaser and/or the Target Company due to:

(a) any of the representations, warranties and/or covenants set forth in the Agreement being untrue, inaccurate or misleading on or before the Completion Date; or

(b) any breach of obligations on the part of the Vendors under the Agreement or any of the transaction documents in respect of the Transaction.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in rendering sea freight transportation and freight forwarding services in Hong Kong and in the PRC. The principal activity of the Company is investment holding.

The Purchaser is a company established in Hong Kong, an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability on 24 May 2011. It is principally engaged in the business of property holding.

As at the Latest Practicable Date, the entire issued share capital of the Target Company is owned as to 50% by Mr. Lau Yu Leung and 50% by Madam Tong Hung Sum, each a Director and Controlling Shareholder of the Company.

Main assets held by the Target Company

As at the Latest Practicable Date and upon Completion, the Target Company owns and shall own (i) the Property, which comprises the office located at 28th Floor, the car parking spaces Nos. P53 & P55 on the 9th Floor and No. P2 on the 3rd Floor, of Excel Centre, No. 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong; and (ii) the Vehicle.

The original investment cost of the Property and the Vehicle by the Target Company was approximately HK$44.2 million.

Financial Information of the Target Company

Based on the valuation report on the Property prepared by RHL Appraisal Limited, an independent professional valuer, as set out in Appendix V to this circular, the market value of the Property as at 30 September 2020 is estimated to be HK$73,380,000. The audited financial information of the Target Company, which was prepared under the Hong Kong Financial Reporting Standards, is set out in Appendix II to this circular. A summary of the audited financial information of the Target Company for the two years ended 31 December 2019 and the six months ended 30 June 2020 is set out below:

	For the financial years ended		**For the six months ended**
	31 December 2018	**31 December 2019**	**30 June 2020**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Loss before taxation and extraordinary items	1,816	1,986	782
Loss after taxation and extraordinary items	1,816	1,986	782

Set out below is the financial position of the Target Company as at 31 December 2018, 31 December 2019 and 30 June 2020 according to the audited financial statements of the Target Company:

	As at 31 December 2018	31 December 2019	As at 30 June 2020
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Total Assets	34,101	32,627	32,086
Net liabilities	1,155	3,141	3,923

Shareholders should read the above information in conjunction with the accountants' report as set out in Appendix II to this circular containing further financial information of the Target Company.

REASONS FOR THE TRANSACTION

The Group intends to explore future prospects in property investments, with a view to realise the Company's development potential and to magnify the Shareholders' return. The Group considered that the recent retreating property market in Hong Kong offers an opportunity for property acquisition by the Group. In view of the fact that the Target Company owns the Property consisting of one office premises and three car parking spaces, the Group believes the Acquisition could enhance its assets portfolio and in turn (i) generate stable and constant stream of rental income for the Group; and (ii) provide capital appreciation potential, which will ultimately benefit the Company and its Shareholders as a whole in the long run. In addition, acquiring the Property can strengthen the Group's asset base available for mortgage or as loan collateral, which can enable the Group to obtain more preferential terms from banks for the Group's financing arrangements for its operation where necessary. Moreover, the Group considers that the Vehicle could be used for the daily travelling usage of the Group's guests, directors and staff.

Having considered above, the Directors (including the independent non-executive Directors whose recommendations are now contained in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser, both forming part of this circular) are of the view that despite the Transaction is not in the ordinary and usual course of business of the Group, the terms of the Agreement and the Transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Group. As such, the performance of the Target Group will affect the statement of profit or loss of the Group. According to the unaudited consolidated financial information of the Company for the six months ended 30 June 2020, the total assets and total liabilities of the Company as at 30 June 2020 were approximately HK$243.8 million and approximately HK$115.8 million respectively.

Asset and Liabilities

As set out in the unaudited pro forma statement of assets and liabilities of the Enlarged Group contained in Appendix IV to this circular, following Completion, the unaudited pro forma consolidated total assets of the Enlarged Group would increase to approximately HK$267.5 million and the unaudited pro forma consolidated total liabilities of the Enlarged Group would increase to approximately HK$139.5 million.

Earnings

For the year ended 31 December 2019, the audited consolidated net profit of the Group was approximately HK$1.6 million. According to the financial information of the Target Company as set out in Appendix II to this circular, the audited net loss of the Target Company for the six months ended 30 June 2020 was approximately HK$0.8 million. Upon Completion, the results of the Target Company will be consolidated into the accounts of the Group. It is expected that after Completion, the expense of the Group would increase because the Property and the Vehicle would generate considerable amount of depreciation.

Others

There will be no change to the remuneration payable to and benefits in kind receivable by the directors of the Purchaser subsequent to the Transaction.

LISTING RULES IMPLICATIONS

Major transaction

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 25% but is less than 100%, the Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the Latest Practicable Date, each of the Vendors (i.e. Mr. Lau Yu Leung and Madam Tong Hung Sum) is a Director and Controlling Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which will be subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Pursuant to the articles of association of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his/her associate(s) has/have a material interest, and if he/she shall do so his/her vote shall not be counted. Accordingly, Mr. Lau Yu Leung (being a Vendor and an executive Director), Madam Tong Hung Sum (being a Vendor and a non-executive Director), Mr. Lau Tak Fung Wallace (being an executive Director, the elder son and an associate of the Vendors) and Mr. Lau Tak Kee Henry (being an executive Director, the younger son and an associate of the Vendors) are all considered to be interested in the transactions contemplated under the Agreement, and are thus required to abstain and have abstained from voting on the relevant Board resolutions to approve the Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the total issued shares of our Company are owned as to 63.75% (892,500,000 Shares) by Ever Winning Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Yu Leung), as to 3.75% (52,500,000 Shares) by Ever Forever Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Yu Leung's spouse, Madam Tong Hung Sum), as to 3.75% (52,500,000 Shares) by Ever Miracle Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Tak Fung Wallace), and as to 3.75% (52,500,000 Shares) by Ever Glorious Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Tak Kee Henry). Accordingly, an aggregate of 1,050,000,000 Shares, representing 75% of Shares issued as at the Latest Practicable Date are required to abstain from voting for the resolution approving the Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder has a material interest in the Transaction. Accordingly, save for Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry and Madam Tong Hung Sum and their associates, no other Shareholder is required to abstain from voting for the resolution to approve the Agreements and the transactions contemplated thereunder at the EGM.

EGM

A notice convening the EGM to be held at 3:00 p.m., on Wednesday, 16 December 2020 at 17/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong, is set out on pages EGM-1 to EGM-3 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution as set out therein. Voting at the EGM will be by way of poll.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar 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 the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Given their interests in the Transaction, Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry and Madam Tong Hung Sum and their associates will abstain from voting for the approval of the Agreement and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder are materially interested in the Transaction who are required to abstain from voting on the resolution approving the Transaction at the EGM. Accordingly, save for Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry and Madam Tong Hung Sum and their associates, no other Shareholder is required to abstain from voting for the resolution to approve the Agreement and the transactions contemplated thereunder at the EGM.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will not be closed for the purpose of ascertaining the right of the Shareholders of the Company to attend and vote at the EGM. However, in order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 10 December 2020.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendations to the Independent Shareholders on the Agreement contemplated thereunder and the letter from Merdeka which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder as set out from pages 16 to 37 of this circular. Your attention is also drawn to the valuation report of the Property and the valuation report of the Vehicle as at 30 September 2020 which is set out in Appendix V and Appendix VI to the circular respectively.

The Board (including the members of the Independent Board Committee) consider that despite the Transaction is not in the ordinary and usual course of business of the Group, the terms of the Agreement and the Transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM. Your attention is also drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
By Order of the Board
Ever Harvest Group Holdings Limited
Lau Yu Leung
Chairman

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Transaction.

EVER HARVEST GROUP HOLDINGS LIMITED
永 豐 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1549)

30 November 2020

To the Independent Shareholders

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE
TARGET COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN**

Dear Sir or Madam,

We refer to the circular of the Company dated 30 November 2020 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

For the purposes of the Listing Rules, we have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Agreement and the Transaction are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We are also required to recommend whether or not the Independent Shareholders should vote for the resolution(s) to be proposed at the EGM to approve the Agreement and the Transaction.

We wish to draw your attention to (i) the letter from Merdeka as set out on pages 16 to 37 of the Circular; and (ii) the letter from the Board as set out on pages 4 to 13 of the Circular. Having considered the Agreement and the transactions contemplated therein (including but not limited to the Acquisition and the Assignment), the principal factors and reasons considered by, and the advice of Merdeka as set out in its letter of advice, we consider that despite the Transaction is not in the ordinary and usual course of business of the Group, the terms of the Agreement and the Transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole.

We thus recommend that the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Ever Harvest Group Holdings Limited

Mr. Lo Wan Sing Vincent	**Mr. Lam Lo**	**Mr. Lee Ka Lun**	**Mr. Kam, Eddie Shing Cheuk**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this Circular.

MERDEKA 領智

Room 1108-1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

30 November 2020

To: The Independent Board Committee and the Independent Shareholders of
Ever Harvest Group Holdings Limited

Dear Sirs/Madams,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND ASSIGNMENT OF SHAREHOLDER'S LOAN

INTRODUCTION

We refer to our appointment as the independent financial adviser (the "**Independent Financial Adviser**") to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of Ever Harvest Group Holdings Limited (the "**Company**") dated 30 November 2020 issued to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this Circular unless otherwise specified.

As noted from the Board Letter, on 2 November 2020, Mr. Lau Yu Leung and Madam Tong Hung Sum, being the Vendors, and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which (i) Mr. Lau Yu Leung and Madam Tong Hung Sum conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the entire issued share capital of the Target Company; and (ii) Mr. Lau Yu Leung agreed to assign and the Purchaser agreed to take assignment of the entire amount of the Shareholder's Loan, at an aggregate consideration of HK$74,000,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid by cheque by the Purchaser.

As one or more of the applicable percentage ratio(s) as defined in the Listing Rules in respect of the Acquisition is more than 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, publication and Shareholders' approval requirements. In addition, each of the Vendors (i.e. Mr. Lau Yu Leung and Madam Tong Hung Sum) is a Director and Controlling Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which will be subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Pursuant to the articles of association of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he/her or any of his/her associate(s) has/have a material interest, and if he/she shall do so his/her vote shall not be counted. Accordingly, Mr. Lau Yu Leung (being a Vendor and an executive Director), Madam Tong Hung Sum (being a Vendor and a non-executive Director), Mr. Lau Tak Fung Wallace (being an executive Director, the elder son and an associate of the Vendors) and Mr. Lau Tak Kee Henry (being an executive Director, the younger son and an associate of the Vendors) are all considered to be interested in the transactions contemplated under the Agreement, and are thus required to abstain and have abstained from voting on the relevant Board resolutions to approve the Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the total issued shares of our Company are owned as to 63.75% (892,500,000 Shares) by Ever Winning Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Yu Leung), as to 3.75% (52,500,000 Shares) by Ever Forever Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Yu Leung's spouse, Madam Tong Hung Sum), as to 3.75% (52,500,000 Shares) by Ever Miracle Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Tak Fung Wallace), and as to 3.75% (52,500,000 Shares) by Ever Glorious Investment Company Limited (which is wholly and beneficially owned by Mr. Lau Tak Kee Henry). Accordingly, an aggregate of 1,050,000,000 Shares, representing 75% of Shares issued as at the Latest Practicable Date are required to abstain from voting for the resolution approving the Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder has a material interest in the Transaction. Accordingly, save for Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace, Mr. Lau Tak Kee Henry and Madam Tong Hung Sum and their associates, no other Shareholder is required to abstain from voting for the resolution to approve the Agreements and the transactions contemplated thereunder at the EGM.

An Independent Board Committee, comprising Mr. Lo Wan Sing Vincent, Mr. Lam Lo, Mr. Lee Ka Lun and Mr. Kam, Eddie Shing Cheuk (whose former name is Kam Leung Ming), all being independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, and we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting. Our appointment has been approved by the Independent Board Committee. The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Agreement and the transaction contemplated thereunder.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Acquisition, there were no engagements between the Group or the Shareholders and Merdeka Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the "**Management**"). Our review procedures include, among others, review of (i) the annual reports of the Group for the years ended 31 December 2018 (the "**2018 AR**") and 31 December 2019 (the "**2019 AR**") and the interim reports of the Group for the six months ended 30 June 2019 (the "**2019 IR**") and 30 June 2020 (the "**2020 IR**"); (ii) this Circular; (iii) the valuation report on the Property (the "**Property Valuation Report**") and on the Vehicle (the "**Vehicle Valuation Report**") prepared by RHL Appraisal Limited (the "**Independent Valuer**"), an independent valuer; (iv) relevant announcements published by the Company; (v) and review of other relevant public information. We have assumed that all statements, information and representations made or referred to in this Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions. The 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.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in this Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Agreement and the transactions contemplated thereunder, and except for its inclusion in this Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of whether the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below.

1. Background information of the Group

1.1 Principal business

The Company is a company incorporated in the Cayman Islands with limited liability as an investment holding company. The Group is principally engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the PRC.

The Purchaser is a company established in Hong Kong, an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

1.2 Financial Information of the Group

Set out below is a summary of the consolidated financial results of the Group for the two years ended 31 December 2018 ("**FY2018**") and 31 December 2019 ("**FY2019**") and the six months ended 30 June 2019 ("**1H2019**") and 30 June 2020 ("**1H2020**") as extracted from the 2018 AR, 2019 AR, 2019 IR and 2020 IR respectively:

Consolidated statement of profit or loss

	For the financial year ended 31 December		For the six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	336,962	336,704	160,446	168,779
Gross Profit	53,797	47,809	25,235	29,865
Profit/(Loss) for the year/period	(5,230)	1,602	3,680	14,693

As illustrated above, the Group's revenue decreased slightly from approximately HK$337.0 million for the FY2018 to approximately HK$336.7 million for the FY2019, representing a decrease of approximately 0.08%. We noted from the 2019 AR that such decrease in revenue was mainly attributable to a tough operational environment for the FY2019 including, among other macroeconomic events, the continuous price competition among peers and the uncertainty over the Sino-US trade war.

The Group recorded a profit for the FY2019 in the amount of approximately HK$1.6 million as compared to the loss for the FY2018 in an amount of approximately HK$5.2 million. The turnaround to profit for the FY2019 was mainly attributable to the increase in other income which includes, among others, a gain on disposals of property, plant and equipment and significant increases in (i) net gain on financial assets at FVPL; and (ii) government grants.

As illustrated above, the Group recorded an increase in revenue for the 1H2020 of approximately HK$168.8 million as compared to approximately HK$160.4 million for the 1H2019. The Group also recorded a net profit for the 1H2020 of approximately HK$14.7 million as compared to approximately HK$3.7 million for the 1H2019. As disclosed in the Company's positive profit alert announcement dated 14 August 2020 and the IR 2020, such significant increase in net profit for the 1H2020 as compared to 1H2019 was mainly attributable to (i) the increase in revenue of approximately 5% for the 1H2020 as compared to the 1H2019; (ii) the decrease in unit price of bunker charges of approximately 30% 1H2020 as compared to the 1H2019, which was benefited from the significant drop in oil price; and (iii) the reversal of over-provision of the enterprise income tax of the PRC for previous years.

	As at 31 December 2018	2019	As at 30 June 2020
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Total assets	220,900	242,606	243,828
Total liabilities	107,821	128,561	115,828
Net Assets	113,079	114,045	128,000

The Group's total assets and total liabilities as at 31 December 2019 amounted to approximately HK$242.6 million (2018: approximately HK$220.9 million) and approximately HK$128.6 million (2018: approximately HK$107.8 million), respectively. This represented an increase in total assets of approximately HK$21.7 million, primarily attributable to the increase in (i) property, plant and equipment; and (ii) current trade and other receivables. The increase in total liabilities of approximately HK$20.8 million as at 31 December 2019 since 31 December 2018 was predominately caused by the increase of (i) current trade and other payables; and (ii) interest-bearing borrowings.

The Group's total assets and total liabilities as at 30 June 2020 amounted to approximately HK$243.8 million and approximately HK$115.8 million respectively. This represented an increase in total assets as at 30 June 2020 since 31 December 2019 of approximately HK$1.2 million and a decrease in total liabilities as at 30 June 2020 since 31 December 2019 of approximately HK$12.8 million respectively. The increase in total assets was primarily attributable to an increase in financial assets which was offset by depreciation, while the decrease in total liabilities as at 30 June 2020 was primarily attributable to a decrease of current trade and other payables.

2. Information on the Target Company

2.1 Background of the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability on 24 May 2011 and is principally engaged in the business of property holding.

As at the Latest Practicable Date, the entire issued share capital of the Target Company is owned as to 50% by Mr. Lau Yu Leung and 50% by Madam Tong Hung Sum, each a Director and Controlling Shareholder of the Company.

2.2 Main assets held by the Target Company

As at the Latest Practicable Date and upon Completion, the Target Company owns and shall own (i) the Property, which comprises the office located at 28th Floor, the car parking spaces Nos. P53 & P55 on the 9th Floor and No. P2 on the 3rd Floor, of Excel Centre, No. 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong; and (ii) the Vehicle.

The original investment costs of the Property and the Vehicle by the Target Company was approximately HK$44.2 million.

2.3 *Financial information of the Target Company*

Set out below is the financial information of the Target Company for the two years ended 31 December 2019 and for the six months ended 30 June 2020 according to the audited financial statements of the Target Company:

	For the financial years ended 31 December		For the six months ended 30 June
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	746	144	72
Loss before taxation and extraordinary items	1,816	1,986	782
Loss after taxation and extraordinary items	1,816	1,986	782

Set out below is the financial position of the Target Company as at 31 December 2018, 31 December 2019 and 30 June 2020 according to the audited financial statements of the Target Company:

	As at 31 December		As at 30 June
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Total assets	34,101	32,627	32,086
Net liabilities	1,155	3,141	3,923

For further details of the financial information of the Target Group, please refer to Appendix II "ACCOUNTANT'S REPORT ON THE FINANCIAL INFORMATION OF THE TARGET COMPANY" in this Circular.

3. Reasons for entering into the Agreement

As at the Latest Practicable Date, the Company is an investment holding company and the Group is principally engaged in rendering of sea freight transportation and freight forwarding services in Hong Kong and in the PRC.

As noted in the Board Letter, the Group intends to explore future prospects in property investments, with a view to realise the Company's development potential and to magnify the Shareholders' return. The Group considered that the recent retreating property market in Hong Kong offers an opportunity for property acquisition by the Group. In view of the fact that the Target Company owns the Property consisting of one office premises and three car parking spaces, the Group believes the Acquisition could enhance its assets portfolio and in turn (i) generate stable and constant stream of rental income for the Group; and (ii) provide capital appreciation potential, which will ultimately benefit the Company and its Shareholders as a whole in the long run. In addition, acquiring the Property may strengthen the Group's asset base available for mortgage or as loan collateral, which may enable the Group to obtain more preferential terms from banks for the Group's financing arrangements for its operation where necessary. Moreover, the Group considers that the Vehicle could be used for the daily travelling usage of the Group's guests, directors and staff.

According to port and maritime statistics from the Marine Department of the Hong Kong Government, container throughput has been on a downward trend since 2011 as illustrated in the table below:

Year	Container throughput ('000 TEUs)[1]	Year-on-year change (%)
2011	24,384	2.9
2012	23,117	–5.2
2013	22,352	–3.3
2014	22,226	–0.6
2015	20,073	–9.7
2016	19,813	–1.3
2017	20,770	4.8
2018	19,596	–5.7
2019	18,303	–6.6
2020[2]	13,273	–3.2

Notes:

1. *Twenty-foot equivalent unit ("**TEU**") is an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals.*

2. *Includes the 9 months ended 30 September 2020, the year-on-year change is in comparison to the same period for the previous year (i.e. the 9 months ended 30 September 2019).*

The number of container throughput is correlated to the Group's principal business of rendering of sea freight transportation and freight forwarding services and as noted from the above data, aside from a slight rebound in 2017, container throughput of ports in Hong Kong has seen a consecutive year-on-year decline since 2011.

In addition, according to research published by McKinsey & Company in collaboration with Oxford Economics, it is anticipated that the global trade volumes will record a decrease of approximately 8% to 49% for 2020 as compared to 2019 and will take an estimated 15 to 48 months just to recover to pre COVID-19 levels recorded in the 4th quarter of 2019 in reference to various predicted macroeconomic scenarios. With such decline and uncertain future outlook in Hong Kong's shipping industry and global trading volumes, the Group is actively seeking to diversify its revenue and asset base.

As noted from the 2020 IR, the book value of the Group's leasehold land and buildings was approximately HK$66.7 million as at 30 June 2020 of which HK$65.7 million were pledged to secure banking facilities granted to the Group. Whilst the Group also has feeder vessels and barges with a book value of approximately HK$4.9 million and HK$17.7 million as at 30 June 2020. As advised by the Company, both the feeder vessels and barges are integral to the Group's operations with the Group's feeder vessels not being suitable to be pledged and the pledging of the Group's barges would be a significant risk to the Group's operations. Accordingly, in such case that the Group were to be in need of further bank borrowings, the Group would have limited loan collateral to pledge for more preferential terms.

According to the October 2020 edition of a research publication on office leases in Hong Kong published monthly by Savills plc, a global real estate services provider, since the 1st quarter of 2010, office rents have steadily increased across Hong Kong, including Kowloon West, until around the 1st quarter of 2019. Since the 1st quarter of 2019, Hong Kong office rents have been on a downward trend which can be primarily attributed to macroeconomic factors such as the escalating trade war between the United States and the PRC. However Kowloon West, where the Property is located, was minimally affected by the aforementioned factors, with minimal decline in office rents as compared to other districts. The recent COVID-19 outbreak has also significantly affected office rents in Hong Kong through 2020 recording an overall decline of 3.4% in the 3rd quarter of 2020 across Hong Kong. However office rents in Kowloon West were minimally affected, recording a drop of only 0.3% as compared to significant declines of 5.0%, 6.6% and 4.2% for Central, Wanchai/Causeway Bay and Island East districts respectively for the 3rd quarter of 2020.

The above-mentioned factors, namely the trade war between the United States and the PRC and the COVID-19 outbreak are extreme singular events that are not expected to be recurring. Upon the conclusion of the COVID-19 outbreak, office rents in Hong Kong, including Kowloon West, are expected to recover alongside the Hong Kong economy.

As advised by the Company, the Vehicle was acquired for the daily travelling usage of the Group's guests, directors and staff. We are of the view that such fringe benefits could possibly help to foster and maintain good business relationships with new and existing clients, as well as possibly exert a positive effect on the performance of the Group's staff.

Having considered (i) the uncertain growth prospects of the principal business of the Group; (ii) the Property is able to generable additional rental to the Group; (iii) the Property could be pledged for future borrowings if there is any imminent needs; and (iv) the potential value appreciation of the Property, we concur with the Directors' view that the Acquisition represents a good opportunity for the Group to further diversify and enhance the profitability and asset base of the Group, and is in the interests of the Company and Shareholders as a whole.

4. The Agreement

4.1 Principal terms of the Agreement

A summary of the principal terms of the Agreement is as follows:

Date: 2 November 2020 (after trading hours)

Parties: Mr. Lau Yu Leung (as one of the Vendors);

Madam Tong Hung Sum (as one of the Vendors); and

Ever Harvest International Holdings Limited (the Purchaser), an indirect wholly-owned subsidiary of the Company.

As at the Latest Practicable Date, each of the Vendors (i.e. Mr. Lau Yu Leung and Madam Tong Hung Sum) is a Director and Controlling Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

4.2 Assets to be acquired

Pursuant to the Agreement, Mr. Lau Yu Leung and Madam Tong Hung Sum, as the Vendors, conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire issued share capital of the Target Company. For details, please refer to the paragraph headed "Information of the Target Company" in this Circular.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

4.3 Assignment of the Shareholder's Loan

Pursuant to the Agreement, Mr. Lau Yu Leung agreed to assign and the Purchaser agreed to take assignment of the entire amount of the Shareholder's Loan, which amounted to approximately HK$34.4 million.

We have reviewed the terms of the Assignment and are not aware of any term which is uncommon. Given that it was a commercial decision between the parties to include the delivery of the Assignment by Mr. Lau Yu Leung to the Purchaser as a term of the Agreement, and that the terms of the Assignment are on normal commercial terms, we consider that the entering into of the Assignment is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

4.4 Consideration

The total Consideration for the Acquisition and the Assignment is HK$74,000,000, among which the amount of HK$39,600,000 is the consideration for the Acquisition and HK$34,400,000 is the consideration for the Assignment. In accordance with the terms and conditions of the Agreement, the Consideration will be paid by cheque by the Purchaser to the Vendors (or any person(s) appointed by them) in the following manner:

1. the Purchaser shall pay HK$9,000,000 to Mr. Lau Yu Leung and HK$9,000,000 to Madam Tong Hung Sum on the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as part of the consideration for the Acquisition;

2. the Purchaser shall pay HK$34,400,000 to Mr. Lau Yu Leung on the day falling on the expiry of six months from the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as the consideration for the Assignment; and

3. the Purchaser shall pay the balance of HK$10,800,000 to Mr. Lau Yu Leung and HK$10,800,000 to Madam Tong Hung Sum on the day falling on the first anniversary of the Completion Date or such other date as may be agreed by the Vendors and the Purchaser, as the remaining consideration for the Acquisition.

The Consideration was determined after arm's length negotiations with reference to, among others,

1. the valuation of the Property and the Vehicle issued by the Independent Valuer at HK$75,110,000 as at 30 September 2020;

2. the unaudited reassessed net asset value (the "**Reassessed NAV**") of the Target Company in an amount of approximately HK$39.7 million which was determined by adding (i) the increase in the unaudited net assets value of the Target Company in an amount of approximately HK$44.0 million arising from the valuation of the Property and the Vehicle of the Target Company as assessed by the independent valuer as at 30 September 2020; and (ii) the unaudited net liabilities of the Target Company as at 30 September 2020 in the amount of approximately HK$4.3 million;

3. the amount of Shareholder's Loan in the amount of approximately HK$34.4 million as at 30 September 2020; and

4. the reasons and benefits of entering into the Transaction as stated under the paragraph headed "Reasons for the Transaction" in the Board Letter.

The Consideration will be financed by internal resources and/or external financing of the Group.

As the Consideration will not be fully settled immediately upon Completion, the Group will not incur a significant cash outflow at Completion. Whilst the Group will be able to immediately enjoy the underlying benefits of the main assets of the Target Company upon Completion. We are of the opinion that such prolonged payment arrangement for the settlement of the Consideration is favourable to the Company.

Valuation of the Property

To assess the fairness and reasonableness of the Consideration, we have considered the valuation of the Property (the "**Property Valuation**") as at 30 September 2020 (the "**Date of Valuation**") prepared by the Independent Valuer using the direct comparison approach in the amount of HK$73,380,000 as set out in the Property Valuation Report, included as Appendix V to this Circular, and performed necessary due diligence as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the Property Valuation. We have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company including the scope of work for the Property Valuation; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Property Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Property Valuation. From the mandate letter and other relevant information provided by the Independent Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Independent Valuer as well as their qualification and experience for preparation of the Property Valuation Report.

We noted that the Independent Valuer's scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Independent Valuer in the Property Valuation. The Independent Valuer confirmed that apart from normal professional fees payable to it in connection with its appointment for the Property Valuation, no arrangements exist whereby it would receive any fee or benefit from the parties to the Agreement. The Independent Valuer also confirmed that it was not aware of any relationship or interest between it and the Company or any other parties that would be reasonably considered to affect its independence to act as an independent valuer for the Company in relation to the Property Valuation.

For our due diligence purpose, we have carried out our own independent site inspection into the Property and made relevant enquiries with the Independent Valuer. In the course of our inspection we did not note any apparent defects or anything contradictory to the information on the Property provided to us. We are not, however, able to report whether the building and structure inspected by us are free of rot, infestation or any structural defect and no test was carried out on any of the building services and equipment.

Property Valuation methodology

We have reviewed the Property Valuation Report and the workings done by the Independent Valuer for the Property Valuation and discussed with the Independent Valuer regarding the methodology, basis and assumptions adopted in arriving at the Property Valuation as at the Date of Valuation. We noted that the Property Valuation was prepared in accordance with the International Valuation Standards 2020 and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Property, which is a commercial office space with three accompanying car parking spaces, was valued adopting the direct comparison method by making reference to the comparable market transactions as available. Comparable properties and car parking spaces of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property and car parking space in order to arrive at a fair comparison of market value.

Based on our discussion with the Independent Valuer, the valuation methodology, in accordance with the International Valuation Standards 2020, of any asset can be broadly classified into one of three approaches, namely the direct comparison method, the cost approach and the income approach. As advised by the Independent Valuer, the direct comparison method was considered as an appropriate methodology in assessing the value of the Property given the availability of the market information of actual sales transactions of comparable properties and car parking spaces, which is considered to be the best indicator of the fair value of the Property.

We understand that the Independent Valuer has also considered other valuation approaches including cost approach and income approach. Under the cost approach, the value is established based on the land costs and the costs of construction in reproducing the Property, without taking into account the market conditions. Under the income approach, the value is established based on historical and/or forecasted cash flow, discounted to present value with an appropriate risk-adjusted discount rate. For the cost approach, the value of the Property would not be adequately reflected by considering the construction costs only and for the income approach, the estimation of the future economic benefit streams of the Property and the discount rate are subject to various assumptions and uncertainties. As such, the Independent Valuer has considered that both the cost approach and the income approach are less appropriate for valuing the Property. We understand that the direct comparison method is commonly used in arriving at the market value of properties. In view of the above, we concur with the Independent Valuer in adopting the direct comparison method for the purpose of the Property Valuation.

Property Comparables

We noted that in determining the market value of the Property, the Independent Valuer has adopted the direct comparison method and made reference to the recent comparable sales transactions as available in the relevant market. Comparable properties and car parking spaces of similar size, nature and location were analysed and each property (the "**Property Comparables**") and car parking space (the "**Parking Space Comparables**") was carefully selected in order to arrive at a fair comparison of market value. We have conducted desktop research through reputable property agency websites such as, among others, http://www.primeoffice.com.hk/ and https://www.house730.com.hk/ and noted that the comparable properties and car parking spaces adopted by the Independent Valuer for the Property Valuation are located in the same or neighbouring district and of similar size and quality of the Property and are at the prices as advised by the Independent Valuer. We noted that one of the Property Comparables, the Globe, is in the same district and is within a one minute walking distance from the Property and the other Property Comparable, Metroplaza, is in the neighbouring district of Kwai Chung and both the Globe and Metroplaza are of the same quality as the Property and similar to the Property, are both within a three minute walking distance to the nearest Mass Transit Railway ("**MTR**") station. We also noted that the Parking Space Comparables are all located in a Grade A office tower that is within the same district and within a two minute walk from the Property. As noted from our discussions with the Independent Valuer, quality is the most important criteria in assessing comparable properties and car parking spaces and due to the unique nature of recent significant events such as the COVID-19 pandemic, the Independent Valuer has limited their search to the past 12 months in order to accurately reflect the current market in Hong Kong. Through our own desktop research through various reputable property agency websites, we are of the understanding that there have been minimal transactions in the area for similar offices and car parking spaces as the Property. Based on our discussion with the Independent Valuer, the Independent Valuer has included all of the most suitable comparable property and car parking space transactions which meet their selection criteria (i.e. quality, location, size) as identified by them based on their best information, knowledge and belief.

The direct comparison method using recent comparable sales utilised by the Independent Valuer for the Property Valuation is considered the most appropriate and commonly used method in arriving at the market value of properties and car parking spaces. However due to the minimal volume of comparable sales transactions, all of which are appropriate for the Property Valuation having already been taken into account by the Independent Valuer, in order to further assess if the Property Valuation is fair and reasonable, we have elected to use current comparable market listings of office properties and car parking spaces.

Through our own desktop research through various reputable property agency websites, we have compiled current market listings as at the Latest Practicable Date of office properties that are (i) Grade A office property; (ii) located in Cheung Sha Wan; and (iii) has a gross area ("**GFA**") between 5,000 to 7,000 square feet, through various reputable property agency websites. We have identified the below 9 comparable listings (the "**Comparable Property Listings**"):

Building	**Gross area**	**Price**	**Unit price per gross area**
	(sqft)	*(HK$ million)*	*(sqft)* *(HK$)*
Excel Centre	5,961	75.00	12,582
Excel Centre	5,961	75.00	12,582
Excel Centre	5,961	86.00	14,499
Excel Centre	5,961	82.66	13,800
Excel Centre	5,961	83.45	13,399
Excel Centre	5,961	86.44	14,501
CEO Tower	6,973	73.00	10,400
Kings Tower	5,835	68,27	11,700
Kings Tower	5,835	58.35	10,000
		Maximum	14,501
		Average	12,607
		Minimum	10,000
Property	5,961	66.00	11,072

Source: http://www.primeoffice.com.hk/, https://www.hongkongoffices.com/, http://oir.centanet.com/

Note: all of the Comparable Listings do not include car parking spaces and accordingly the market value of the Property illustrated above excludes the market value of the three car parking spaces as valued by the Independent Valuer.

As noted from the above Comparable Property Listings which ranged from approximately HK$10,000 per gross square feet to approximately HK$14,501 per gross square feet with an average of approximately HK$12,607 per gross square feet. We have noted that the office portion of the Property Valuation is within range of the price of the Comparable Property Listings and lower than the average price of the Comparable Property Listings.

As the Comparable Property Listings consists of (i) 6 comparables that are the exact same size and within the same building; (ii) 3 comparable that are in the same district within 5 minutes walking distance of the Property and of a similar size; and (iii) all the Comparable Property Listings are of the same quality grading, we are of the opinion that comparing the office portion of the Property Valuation to the Comparable Property Listings is an adequate method in assessing if the Property Valuation is fair and reasonable according to the current market expectations for similar office properties.

We have also identified current market listings as at the Latest Practicable Date of car parking spaces that are (i) located in grade A office properties; and (ii) located in Cheung Sha Wan. We have identified the below 5 comparables listings (the "**Comparable Parking Space Listings**"):

Building		**Price**
		(HK$ million)
Billion Plaza 2		2.30
Billion Plaza 2		2.80
Billion Plaza 2		4.80
Billion Plaza 2		4.80
Kimberland Centre		2.90
	Maximum	4.80
	Average	3.52
	Minimum	2.30
Car parking space of the Property		2.46

Source: https://www.house730.com/

Note: the value of the Car parking space of the Property illustrated above is for a single car parking space taking into account that the aggregate market value (i.e. HK$7,380,000) of the three car parking spaces of the Property as valued by the Independent Valuer.

As noted from the above Comparable Parking Space Listings which ranged from HK$2.30 million to HK$4.80 million with an average of approximately HK$3.52 million. We have noted that the car parking space portion of the Property Valuation is within the Comparable Parking Space Listings and lower than the average price of the Comparable Parking Space Listings.

As the Comparable Parking Space Listings are all (i) within Grade A office towers; and (ii) in the same district within 5 minutes walking distance of the Property, we are of the opinion that comparing the car parking space portion of the Property Valuation to the Comparable Parking Space Listings is fair and reasonable according to market expectations for similar car parking spaces.

Property Valuation Assumptions

We have reviewed the general assumptions adopted by the Independent Valuer in relation to the Property Valuation, including that (i) all necessary statutory approvals for the Property or the subject building of which the Property forms part of their use have been obtained; (ii) transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid; (iii) the owner of the Property has enforceable titles to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired terms as granted; (iv) no deleterious or hazardous materials or techniques have been used in the construction of the Property; (v) the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown; (vi) the Property is connected to main services and sewers which are available on normal terms; and (vii) the cost of repairs and maintenance to the buildings of which the Property are shared among all owners of the building, and that there are no onerous liabilities outstanding. We were satisfied that the aforementioned assumptions are commonly adopted in the valuation of a property and car parking space and are fair and reasonable for the purposes of assessing the market value of the Property.

Having considered the qualification and experiences of the Independent Valuer in property valuation, the independence of the Independent Valuer and the valuation methodology and basis and assumptions applied by the Independent Valuer, we consider that the methodology and basis for determining the Property Valuation by the Independent Valuer is appropriate. In light of the above and the fact that no unusual matters had come to our attention that led us to believe that the Property Valuation was not prepared on a reasonable basis, we are of the opinion that the Property Valuation is a fair and reasonable factor for assessing the Consideration.

Valuation of the Vehicle

To assess the fairness and reasonableness of the Consideration, we have also considered the valuation of the Vehicle (the "**Vehicle Valuation**") as at the Date of the Valuation prepared by the Independent Valuer using the market approach in the amount of HK$1,730,000 as set out in the Vehicle Valuation Report, included as Appendix VI to this Circular, and performed necessary due diligence as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the Vehicle Valuation. We have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company including the scope of work for the Vehicle Valuation; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the Vehicle Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Vehicle Valuation. From the mandate letter and other relevant information provided by the Independent Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Independent Valuer as well as their qualification and experience for preparation of the Vehicle Valuation Report. We noted that the Independent Valuer's scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Independent Valuer in the Vehicle Valuation. The Independent Valuer confirmed that apart from normal professional fees payable to it in connection with its appointment for the Vehicle Valuation, no arrangements exist whereby it would receive any fee or benefit from the parties to the Agreement. The Independent Valuer also confirmed that it was not aware of any relationship or interest between it and the Company or any other parties that would be reasonably considered to affect its independence to act as an independent valuer for the Company in relation to the Vehicle Valuation.

For our due diligence purpose, we have carried out our own independent inspection on the Vehicle and made relevant enquiries with the Independent Valuer. In the course of our inspection we did not note any apparent defects or anything contradictory to the information on the Vehicle provided to us. We are not, however, able to report whether the Vehicle has any mechanical defects and no test was carried out on the Vehicle's functions.

Vehicle Valuation methodology

We have reviewed the Vehicle Valuation Report and the workings done by the Independent Valuer for the Vehicle Valuation and discussed with the Independent Valuer regarding the methodology, basis and assumptions adopted in arriving at the Vehicle Valuation as at the Date of Valuation. We noted that the Vehicle Valuation was prepared in accordance with the International Valuation Standards 2020 and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Vehicle, which is a 2015 Bentley Flying Spur W12, was valued adopting the market approach by considering prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative. Comparable vehicles of similar model are analysed and carefully weighed against all the respective advantages and disadvantages of each vehicle in order to arrive at a fair comparison of market value.

As advised by the Independent Valuer, the market approach, which we are of the understanding is fundamentally the same as the direct comparison method, was considered as an appropriate methodology in assessing the value of the Vehicle given the availability of the market information of actual sales transactions of comparable vehicles, which is considered to be the best indicator of the fair value of the Vehicle.

As also advised by the Independent Valuer, sales transactions of comparable vehicles in the market are assumed to have taken into account any relevant accrued depreciation based on the observed condition and present and prospective serviceability in comparison with new units of like kind, maintenance policy, characters, levels of use and to all other factors that are deemed to have an influence in the value of the vehicles. As such the market approach adopted by the Independent Valuer for the Vehicle Valuation will inherently take into account any accrued depreciation and the Independent Valuer has also given consideration to the current state of the Vehicle in comparison with the comparable vehicles actually transacted on the market. As the comparable vehicles adopted by the Independent Valuer for the Vehicle Valuation are of similar age and condition as the Vehicle, the depreciation is considered to be similar.

We understand that the Independent Valuer has also considered other valuation approaches such as the cost approach and the income approach. Under the cost approach, the value is established based the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees with adjustments made for accrued depreciation. Under the income approach, the value is established based on the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets which consists of all assets of a business enterprise including working capital and tangible and intangible assets. For the cost approach, the estimated costs and accumulated depreciation of the Vehicle is subject to various assumptions and variables and the income approach is not applicable as the Vehicle will not be utilised to generate income. As such, the Independent Valuer has considered that both the cost approach and the income approach are less appropriate for valuing the Vehicle. We understand that the market approach is commonly used in arriving at the market value of vehicles. In view of the above, we concur with the Independent Valuer in adopting the market approach for the purpose of the Vehicle Valuation.

Vehicle Comparables

We noted that in determining the market value of the Vehicle, the Independent Valuer has adopted the market approach and made reference to the recent comparable sales transactions as available in the relevant market. Comparable vehicles of similar model were analysed and each vehicle was carefully selected in order to arrive at a fair comparison of market value. We have conducted desktop research of the comparables vehicle sales (the "**Vehicle Comparables**") and noted that the transactions are at the prices as advised by the Independent Valuer. Based on our discussion with the Independent Valuer, the Independent Valuer has included all of the most suitable comparables within their search criteria.

Vehicle Valuation Assumption

We have reviewed the general assumptions adopted by the Independent Valuer in relation to the Vehicle Valuation, including that the Vehicle (i) will continue to be used in its present existing state in the business of the Group for which it was designed, built and erected, without specific reference to income; (ii) will be used in its present existing state with the benefit of continuity during the foreseeable future; and (iii) is free from any encumbrance. We were satisfied that those assumptions are commonly adopted in the valuation of a vehicle and are fair and reasonable for the purposes of assessing the market value of the Vehicle.

Having considered the qualification and experiences of the Independent Valuer in vehicle valuation, the independence of the Independent Valuer and the valuation methodology and basis and assumptions applied by the Independent Valuer, we consider that the methodology and basis for determining the Vehicle Valuation by the Independent Valuer is appropriate. In light of the above and the fact that no unusual matters had come to our attention that led us to believe that the Vehicle Valuation was not prepared on a reasonable basis, we are of the opinion that the Vehicle Valuation is a fair and reasonable factor for assessing the Consideration.

Conclusion on Consideration

Having considered (i) the Property Valuation and the Vehicle Valuation that was arrived at by an independent professional valuer in accordance with the International Valuation Standards 2020 on a reasonable basis; (ii) our due diligence performed as set out above, including discussions with the Independent Valuer and review of the relevant documents regarding the methodology and comparables selection criteria adopted by the Independent Valuer, showing that the Property Valuation and the Vehicle Valuation was properly conducted and we consider that the Property Valuation and the Vehicle Valuation as shown in the Property Valuation Report and the Vehicle Valuation Report is a fair and reasonable indication of the market value of the Property and the Vehicle; (iii) the qualification and experience of the Independent Valuer in relation to the valuation of the Property and the Vehicle; and (iv) the Consideration of HK$74,000,000 represents a slight discount of approximately 0.13% to the sum of the Reassessed NAV of the Target Company as at 30 September 2020 of approximately HK$39.7 million and the Shareholder's Loan of approximately HK$34.4 million, in aggregate approximately HK$74.1 million, we consider that the Consideration, is fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms.

4.5 Conditions precedent

Completion is subject to and conditional upon, among others, the fulfillment of the following Conditions:

(a) the passing of all resolutions by the Independent Shareholders (who are entitled to vote and not required to be abstained from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Agreement by the Company and the performance of the transactions contemplated thereunder in accordance with the relevant provisions in the Listing Rules, the articles of the association of the Company and the applicable laws and regulations in Hong Kong;

(b) the due execution of all transaction documents in respect of the transactions contemplated under the Agreement;

(c) the Purchaser having obtained a valuation report on the main assets of the Target Company as assessed by a qualified independent valuer engaged by the Purchaser confirming the value of the main assets of the Target Company is not less than HK$75,000,000;

(d) the warranties provided by the Vendors under the Agreement as at the date of the Agreement remaining true, accurate and not misleading as at the Completion Date;

(e) any necessary consent or approval from any third party (including but not limited to any bank(s)) and any notice required to be given to any third party in respect of the change of control of the Target Company under the Acquisition having been obtained and/or given (if applicable);

(f) the Target Company not having any event which causes material adverse effect to it;

(g) the Vendors having provided the Purchaser with the title deeds in respect of the Property and the title documents in respect of the Vehicle as requested by the Purchaser for the Purchaser's due diligence purpose; and

(h) all necessary approvals, filings, authorisations and consents from any authorities or third parties in respect of the transactions contemplated under the Agreement having been obtained (if applicable).

The Long Stop Date for the fulfillment of the Conditions is 31 December 2020 (or such other date as may be agreed by the Vendors and the Purchaser in writing). If any of the Conditions are not fulfilled on or before the Long Stop Date, the Purchaser is not obliged to complete the Acquisition and the Assignment, and the Agreement may be terminated by written notice by the Purchaser to the Vendors. If Condition (a) is not fulfilled on or before the Long Stop Date, the Agreement may be terminated by the Vendors by written notice to the Purchaser.

4.6 Completion

Subject to satisfaction of all the conditions precedent as stated above, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

4.7 Termination

The Purchaser and the Vendors may, at any time prior to the Completion Date, agree in writing to terminate the Agreement before Completion.

If the Purchaser fails to settle the Consideration in full in accordance with the Agreement, the Vendors shall have the right to request the Purchaser to return the Sale Shares and/or assign the Shareholder's Loan back to the Vendors within 60 days or such other time period as may be agreed by the Vendors, and the Vendors shall refund to the Purchaser all amounts of Consideration which have already been received from the Purchaser.

4.8 Indemnity

Pursuant to the Agreement, after the Completion Date, the Vendors agree to full indemnify, protect, defend, assume any liability, save and hold harmless the Purchaser from and against any claim, demand, suit, liabilities, penalties, losses, damages, or charges which at any time may be suffered by the Purchaser and/or the Target Company due to:

(a) any of the representations, warranties and/or covenants set forth in the Agreement being untrue, inaccurate or misleading on or before the Completion Date; or

(b) any breach of obligations on the part of the Vendors under the Agreement or any of the transaction documents in respect of the Transaction.

Conclusion of the terms under the Agreement

Taking into account (i) the Assignment of the Shareholder's Loan is based on a commercial decision between the Vendors and the Purchaser and on normal commercial terms; (ii) the Consideration is fair and reasonable; (iii) the prolonged payment terms is favourable to the Company in the way that the Company can enjoy the underlying benefit of the main assets of the Target Company upon Completion; and (iv) the Conditions precedent under the Agreement are in line with similar sale and purchase agreements for asset based companies, we consider the terms of the Agreement are fair and reasonable and no less favourable than standard market practice.

5. Financial effects of the Acquisition

Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Group. As such, the performance of the Target Group will affect the statement of profit or loss of the Group. According to the unaudited consolidated financial information of the Company for the six months ended 30 June 2020, the total assets and total liabilities of the Company as at 30 June 2020 were approximately HK$243.8 million and approximately HK$115.8 million respectively.

As the Consideration will be settled in three stages (i.e. HK$18,000,000 on the Completion Date, HK$34,400,000 on the day falling on the expiry of six months from the Completion Date and HK$21,600,000 on the first anniversary of the Completion Date), the Group will not incur an immediate significant expenditure of its cash and cash equivalents.

5.1 Assets and liabilities

As set out in the unaudited pro forma statement of assets and liabilities of the Enlarged Group contained in Appendix IV to this circular, following Completion, the unaudited pro forma consolidated total assets of the Enlarged Group would increase to approximately HK$267.5 million and the unaudited pro forma consolidated total liabilities of the Enlarged Group would increase to approximately HK$139.5 million.

5.2 Earnings

For the FY2019, the audited consolidated net profit of the Group was approximately HK$1.6 million. According to the financial information of the Target Company as set out in Appendix II to this Circular, the audited net loss of the Target Company for the six-months ended 30 June 2020 was approximately HK$0.8 million. Upon Completion, the results of the Target Company will be consolidated into the accounts of the Group. It is expected that after Completion, the income of the Group may increase from the rental income to be potentially generated by the Property and the expenses of the Group would increase because the Property and the Vehicle will generate considerable amount of depreciation.

Based on the aforementioned financial effects of the Transaction, we are of the view that the Acquisition will have an overall positive financial effect on the Group and be in the interest of the Group and its Shareholders as a whole.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

5.3 Others

There will be no change to the remuneration payable to and benefits in kind receivable by the directors of the Purchaser subsequent to the Transaction.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that although the Acquisition is not in the ordinary and usual course of business of the Company, the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of Company and the Independent Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM in this regard.

Yours Faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Director

Note: Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 9 years of experience in investment banking and corporate finance.

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019 are disclosed in the following interim report of the Company for the six months ended 30 June 2020 and the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019, respectively, which have been published and available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.xhsl.com.hk).

- Interim report of the Company for the six months ended 30 June 2020 published on 18 September 2020 (pages 16 to 40) (hyperlinks: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0918/2020091800890.pdf);

- Annual report of the Company for the year ended 31 December 2019 published on 8 April 2020 (pages 75 to 164) (hyperlinks: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0408/2020040800189.pdf);

- Annual report of the Company for the year ended 31 December 2018 published on 10 April 2019 (pages 72 to 152) (hyperlinks: https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0410/ltn20190410075.pdf); and

- Annual report of the Company for the year ended 31 December 2017 published on 10 April 2018 (pages 70 to 140) (hyperlinks: https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0410/ltn20180410197.pdf).

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular.

INDEBTEDNESS STATEMENT

Indebtedness

At the close of business on 30 September 2020, the Enlarged Group had outstanding borrowings of approximately HK$81,633,000 comprising:

(a) secured bank loans of approximately HK$42,116,000 guaranteed by the Company;

(b) secured bank loans of approximately HK$1,363,000 guaranteed by the Directors and a related company for the Target Company;

(c) lease liabilities of approximately HK$3,711,000 with no guarantee; and

(d) amount due to a Shareholder of approximately HK$34,443,000.

At the close of business on 30 September 2020, the Enlarged Group had the following charges over assets:

(a) utilisation of banking facilities for issuing bank guarantees of approximately HK$600,000 which were guaranteed by pledged bank deposits of approximately HK$789,000;

(b) lease liabilities secured by the lessors' charge over the leased assets of approximately HK$2,383,000;

(c) the leasehold land and buildings of the Company of aggregate net carrying amount of approximately HK$65,104,000;

(d) investment properties of the Target Company of aggregate net carrying amount of approximately HK$31,109,000; and

(e) amount of approximately HK$9,196,000 included in the trade receivables were in connection with invoice discounting bank loan arrangements.

Commitment

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of preparing this indebtedness statement, the Enlarged Group had capital expenditure contracted but not provided for in the consolidated financial statements in respect of addition to property, plant and equipment of approximately HK$727,000.

Save as aforesaid and apart from the intra-group liabilities and guarantees, the Enlarged Group did not have any outstanding loan capital issued, outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, hire purchase or finance lease commitments or other material contingent liabilities as at the close of business on 30 September 2020.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Enlarged Group since 30 September 2020.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the Transaction, the available financial resources and the loan facilities available to the Enlarged Group, the Enlarged Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

Save as disclosed above, the Directors are not aware of any material adverse changes in financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The business of the Group mainly consisted of rendering of sea freight transportation and freight forwarding services in Hong Kong and the PRC.

The Target Company is engaged in the business of property holding, which owns one office premises and three car parking spaces.

According to the valuation of the Property as assessed by RHL Appraisal Limited, an independent professional valuer, the market value of the Property was approximately HK$73.5 million, HK$77.5 million, HK$78.7 million and HK$73.4 million as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 September 2020, respectively. The market value of the Property of HK$73.4 million as at 30 September 2020 represented a decrease of 6.8% as compared to the market value of the Property as at 31 December 2019 and retreated to slightly lower than the market value at 31 December 2017.

According to the October 2020 edition of a research publication on office leases in Hong Kong Published monthly by Savills plc, the recent COVID-19 outbreak has significantly affected office rents in Hong Kong through 2020 recording an overall decline of 3.4% in the 3rd quarter of 2020 across Hong Kong. However office rent in Kowloon West were minimally affected, recording a drop of only 0.3% as compared to significant declines of 5.0%, 6.6% and 4.2% for Central, Wanchai/Causeway Bay and Island East districts respectively for the 3rd quarter of 2020. Upon the conclusion of the COVID-19 outbreak, office rents in Hong Kong are expected to recover alongside the Hong Kong economy.

The Group considered that the recent retreating property market in Hong Kong offers an opportunity for property acquisition by the Group.

The Enlarged Group intends to continue to apply their operating model in sea freight transportation and freight forwarding services and to explore future prospects in property investment, with a view to realise the Company's development potential and to magnify the Shareholders' return. The Group believes the Property will generate stable rental income and provide capital appreciation potential for the Enlarged Group upon the Completion.

The following is the text of accountants' report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong.

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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF ETERNITY HONG KONG INVESTMENT LIMITED

The Board of Directors
Ever Harvest Group Holdings Limited

Introduction

We report on the historical financial information of Eternity Hong Kong Investment Limited (the "**Target Company**") set out on pages II-5 to II-28, which comprises the statements of financial position of the Target Company as at 31 December 2017, 2018 and 2019 and 30 June 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the years ended 31 December 2017, 2018 and 2019, and for the six months ended 30 June 2020 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-28 forms an integral part of this report, which has been prepared for inclusion in the circular of Ever Harvest Group Holdings Limited (the "**Company**") dated 30 November 2020 (the "**Circular**") in connection with the acquisition of the Target Company by the Company (the "**Acquisition**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Target Company's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives a true and fair view of the financial position of the Target Company as at 31 December 2017, 2018 and 2019 and 30 June 2020, and of its financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2019 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to note 9 to the Historical Financial Information which contains information about the dividends declared by the Target Company in respect of the Relevant Periods.

Preparation or audit of financial statements

The financial statements of the Target Company were audited by Y.T. Lo & Co Ltd, *Certified Public Accountants (Practising)*, for the years ended 31 December 2017, 2018 and 2019 in accordance with Hong Kong Standards on Auditing issued by the HKICPA. No statutory audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2019 as they are not yet due for issuance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 30 November 2020

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Target Company in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2017	**2018**	**2019**	**2019**	**2020**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	4	1,950	746	144	72	72
Other income	5	1	1	1	1	1
Other operating expenses		(2,127)	(2,422)	(2,022)	(1,150)	(816)
Finance costs	6	(145)	(141)	(109)	(59)	(39)
Loss before taxation	6	(321)	(1,816)	(1,986)	(1,136)	(782)
Income tax expenses	8	(394)	–	–	–	–
Loss for the year/period and total comprehensive expenses for the year/period		(715)	(1,816)	(1,986)	(1,136)	(782)

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2017	**2018**	**2019**	**2020**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Investment properties	10	34,249	33,107	31,965	31,394
Motor vehicle	11	1,244	311	–	–
		35,493	33,418	31,965	31,394
Current assets					
Deposits and other receivables		108	108	108	108
Income tax recoverable		28	169	–	–
Bank balances		581	406	554	584
		717	683	662	692
Current liabilities					
Accrued charges and other payables		5	5	5	5
Due to a shareholder	12	28,783	30,342	32,743	33,943
Interest-bearing borrowings	13	5,668	4,136	2,567	1,768
Lease liabilities	14	320	320	320	293
		34,776	34,803	35,635	36,009
Net current liabilities		(34,059)	(34,120)	(34,973)	(35,317)
Total assets less current liabilities		1,434	(702)	(3,008)	(3,923)
Non-current liabilities					
Lease liabilities	14	773	453	133	–
NET ASSETS (LIABILITIES)		661	(1,155)	(3,141)	(3,923)
Capital and reserves					
Share capital	15	–*	–*	–*	–*
Accumulated profits (losses)		661	(1,155)	(3,141)	(3,923)
TOTAL EQUITY (DEFICITS)		661	(1,155)	(3,141)	(3,923)

* *Amount less than HK$1,000*

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated profits (losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
	(note 15)		
At 1 January 2017	–*	1,376	1,376
Loss for the year and total comprehensive expenses for the year	–	(715)	(715)
At 31 December 2017 and 1 January 2018	–*	661	661
Loss for the year and total comprehensive expenses for the year	–	(1,816)	(1,816)
At 31 December 2018 and 1 January 2019	–*	(1,155)	(1,155)
Loss for the year and total comprehensive expenses for the year	–	(1,986)	(1,986)
At 31 December 2019 and 1 January 2020	–*	(3,141)	(3,141)
Loss for the period and total comprehensive expenses for the period	–	(782)	(782)
At 30 June 2020	–*	(3,923)	(3,923)
(Unaudited)			
At 1 January 2019	–*	(1,155)	(1,155)
Loss for the period and total comprehensive expenses for the period	–	(1,136)	(1,136)
At 30 June 2019	–*	(2,291)	(2,291)

* *Amount less than HK$1,000*

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2017	**2018**	**2019**	**2019**	**2020**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
OPERATING ACTIVITIES						
Loss before taxation		(321)	(1,816)	(1,986)	(1,136)	(782)
Adjustments for:						
Depreciation		2,075	2,075	1,453	882	571
Finance costs		145	141	109	59	39
Interest income		(1)	(1)	(1)	(1)	(1)
Operating cash inflows (outflows) before changes in working capital		1,898	399	(425)	(196)	(173)
Changes in working capital:						
Accrued charges and other payables		–	–	–	3	–
Cash generated from (used in) operations		1,898	399	(425)	(193)	(173)
Income tax (paid) refunded		(225)	(141)	169	–	–
Net cash from (used in) operating activities		1,673	258	(256)	(193)	(173)
INVESTING ACTIVITY						
Interest received		1	1	1	1	1
Net cash from investing activity		1	1	1	1	1
FINANCING ACTIVITIES						
Interest paid		(145)	(141)	(109)	(59)	(39)
Repayment of interest-bearing borrowings	17	(1,514)	(1,532)	(1,569)	(780)	(799)
Repayment of lease liabilities	17	(320)	(320)	(320)	(160)	(160)
Advance from a shareholder	17	266	1,559	2,401	1,001	1,200
Net cash (used in) from financing activities		(1,713)	(434)	403	2	202
Net (decrease) increase in cash and cash equivalents		(39)	(175)	148	(190)	30
Cash and cash equivalents at the beginning of the reporting period		620	581	406	406	554
Cash and cash equivalents at the end of the reporting period, represented by bank balances		581	406	554	216	584

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Eternity Hong Kong Investment Limited (the "**Target Company**") is a limited liability company incorporated in Hong Kong on 24 May 2011. The ultimate controlling parties of the Target Company are Mr. Lau Yu Leung and Madam Tong Hung Sum. The Target Company's registered office is located at House B1, Chateau Royale, 1 Yung Yi Road, Wong Yi Au, Tai Po, New Territories, Hong Kong.

The principal activity of the Target Company is properties holding.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

This Historical Financial Information presents the financial track record of the Target Company for the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2020 (the "**Relevant Periods**") and is prepared for the purposes of inclusion in a circular of Ever Harvest Group Holdings Limited (the "**Company**") to its shareholders for the acquisition of the Target Company, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2019 except for those HKFRSs, that are effective for financial years beginning on or after 1 January 2020.

The Historical Financial Information was prepared by the directors of the Target Company, based on the Underlying Financial Statements of the Target Company for the Relevant Periods. In preparing the Historical Financial Information, no adjustments have been made to the Underlying Financial Statements by the directors of the Target Company. The Underlying Financial Statements were prepared by the directors of the Target Company with reference to the previously issued financial statements of the Target Company for the Relevant Periods.

The financial information contained in this circular does not constitute the Target Company's specified financial statements for those financial years or periods as defined in section 436 of the Hong Kong Companies Ordinance. The Target Company is not required to deliver its specified financial statements to the Registrar of Companies and has not done so.

The specified financial statements of the Target Company for the years ended 31 December 2017, 2018 and 2019 were audited by Y.T. Lo & Co Ltd, *Certified Public Accountants (Practising).* The auditor's reports were unqualified or otherwise modified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the reports; and did not contain a statement under section 406(2) or 407(2) or (3) of the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with the basis set out below which conforms to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of preparing the Historical Financial Information, the Target Company has consistently adopted all HKFRSs that are relevant to its operations and are effective for the Relevant Periods.

Going concern

The financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of net current liabilities and capital deficiency. The shareholder of the Target Company has confirmed his intention to make available adequate funds to the Target Company as and when required to maintain the Target Company as a going concern.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less accumulated impairment losses of investment property over the unexpired term of lease, using straight-line method, after taking into account its estimated residual values.

Investment properties held by the Target Company under leases are accounted in the same way as other right-of-use assets. Depreciation is recognised for those investment properties over the unexpired term of lease.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Target Company's contractual rights to future cash flows from the financial asset expire or (ii) the Target Company transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset.

If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for account receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Target Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Target Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Target Company's financial assets at amortised cost include deposits and other receivables and bank balances.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Target Company's financial liabilities include amount due to a shareholder, accrued charges and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Target Company recognises loss allowances for expected credit loss ("**ECL**") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Target Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Target Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Definition of default

The Target Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Target Company may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

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

(ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All financial instruments are determined to have low credit risk.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Target Company writes off a financial asset when the Target Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Target Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Target Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Foreign currency translation

Items included in the financial statements of the Target Company are measured using the currency of the primary economic environment in which the Target Company operates (the "**functional currency**"). The financial statements are presented in the currency of Hong Kong dollars, which is also the Target Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Target Company reviews internal and external sources of information to assess whether there is any indication that its investment properties and motor vehicle may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Leases

The Target Company assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Target Company has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Target Company accounts for each lease component within a lease contract as a lease separately. The Target Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

The Target Company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Target Company; and

(d) an estimate of costs to be incurred by the Target Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Target Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Target Company will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Motor vehicle	30%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Target Company is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Target Company exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Target Company will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Target Company remeasures the lease liability using a revised discount rate.

The Target Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Target Company recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Target Company allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Target Company determines the lease term of the modified contract.

(c) the Target Company remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Target Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Target Company accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Target Company classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Target Company is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Target Company has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Target Company accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Target Company allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

The Target Company applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Target Company,

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

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

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

  (iii) is a member of the key management personnel of the Target Company or of a holding company of the Target Company.

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

  (i) The entity and the Target Company are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

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

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

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the holding company of the Target Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Target Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Impairment of investment properties and motor vehicle

The management determines whether the Target Company's investment properties and motor vehicle is impaired when an indication of impairment exists. This is requires an estimation of the recoverable amount of the investment properties and motor vehicle which is equal to the higher of fair value less costs to sell and the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the investment properties and motor vehicle and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Future changes in HKFRSs

At the date of approving the Historical Financial Information, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the Relevant Periods, which the Target Company has not early adopted:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions [1]
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 [2]
Amendments to HKAS 16	Proceeds before Intended Use [3]
Amendments to HKAS 37	Cost of Fulfilling a Contract [3]
Amendments to HKFRS 3	Reference to the Conceptual Framework [3]
Annual Improvements to HKFRSs	2018–2020 Cycle [3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [4]
HKFRS 17	Insurance Contracts [4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]

(1) Effective for annual periods beginning on or after 1 June 2020
(2) Effective for annual periods beginning on or after 1 January 2021
(3) Effective for annual periods beginning on or after 1 January 2022
(4) Effective for annual periods beginning on or after 1 January 2023
(5) The effective date to be determined

The management of the Target Company does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Target Company's financial information.

4. REVENUE

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Rental income	1,950	746	144	72	72

5. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Bank interest income	1	1	1	1	1

6. LOSS BEFORE TAXATION

This is stated after charging:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Finance costs					
Interests on interest-bearing borrowings	124	120	88	49	29
Interests on lease liabilities	21	21	21	10	10
	145	141	109	59	39
Other items					
Auditor's remuneration	5	5	5	3	–
Depreciation on investment properties	1,142	1,142	1,142	571	571
Depreciation on motor vehicle	933	933	311	311	–
Direct operating expenses relating to investment properties that generated rental income	–	–	–	–	–
Direct operating expenses relating to investment properties that did not generate rental income	35	260	481	240	234

7. BENEFIT AND INTERESTS OF DIRECTORS

During the Relevant Periods and up to the date of this accountants' report, the directors of the Target Company are Mr. Lau Yu Leung and Madam Tong Hung Sum.

The following disclosures are made pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

(a) Directors' Remuneration

During the Relevant Periods, no fees, salaries, allowances, benefit in kinds, discretionary bonus and contributions to defined contribution plans were paid or made, directly or indirectly, to the directors of the Target Company.

In addition, during the Relevant Periods, no emoluments were paid by the Target Company to these directors as an inducement to join or upon joining the Target Company, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans and other dealings in favour of directors of the Target Company or its holding company that were entered into or subsisted during the Relevant Periods.

(c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Company's business to which the Target Company was a party and in which a director of the Target Company had a material interest whether directly or indirectly, subsisted at the Relevant Periods or at any time during the Relevant Periods.

8. INCOME TAX EXPENSES

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Target Company's estimated assessable profits arising from Hong Kong during the year ended 31 December 2017.

Hong Kong Profits Tax has not been provided for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 as the Target Company incurred a loss for taxation purposes.

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax					
Hong Kong Profits Tax					
Current year	138	–	–	–	–
Under provision in prior years	256	–	–	–	–
Income tax expenses	394	–	–	–	–

Reconciliation of income tax expenses

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Loss before taxation	(321)	(1,816)	(1,986)	(1,136)	(782)
Income tax at applicable tax rate of 16.5%	(53)	(300)	(328)	(187)	(129)
Non-deductible expenses	163	163	64	53	2
Tax exempt revenue	–*	–*	–*	–*	–*
Tax concessions	(30)	–	–	–	–
Unrecognised tax loss	–	79	206	105	98
Under provision in prior years	256	–	–	–	–
Others, including unrecognised temporary differences	58	58	58	29	29
Income tax expenses	394	–	–	–	–

* *Amount less than HK$1,000*

Unrecognised deferred tax assets

At 31 December 2018 and 2019 and 30 June 2020, the Target Company had unused tax losses of approximately HK$478,000, HK$1,727,000 and HK$2,321,000, respectively, which do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the unused tax losses because it is not probable that future taxable profit will be available against which the Target Company can utilise the benefits therefrom.

9. DIVIDENDS

No dividends were declared nor paid to the equity holders of the Target Company during the Relevant Periods.

10. INVESTMENT PROPERTIES

	Year ended 31 December			Six months ended 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reconciliation of carrying amount				
At the beginning of the reporting period	35,391	34,249	33,107	31,965
Depreciation	(1,142)	(1,142)	(1,142)	(571)
At the end of the reporting period	34,249	33,107	31,965	31,394

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost	41,098	41,098	41,098	41,098
Accumulated depreciation	(6,849)	(7,991)	(9,133)	(9,704)
	34,249	33,107	31,965	31,394
Fair value	73,500	77,500	78,700	75,400

The fair values of investment properties are under Level 3 of the three-level fair value hierarchy as defined under HKFRS 13. At the end of each reporting period, the fair value of investment properties was valued by an independent professional qualified valuer, who has relevant experience in the location and category of the Target Company's investment properties being valued, on an open market basis by comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. Recent sale price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the investment properties. The most significant input into this valuation approach is the price per square feet.

The fair value measurement was based on the highest and best use of the investment properties, which did not differ from their existing use.

Leasing arrangement – as lessee

At 30 June 2020, the investment properties consist of leasehold land and buildings in Hong Kong with useful lives of 36 years.

The Target Company owns leasehold land and building and is the registered owner of the property interests, including the underlying leasehold land. The leasehold land component of the owned property is presented separately only if the payments made can be allocated reliably.

The Target Company's investment properties with a total carrying amount of approximately HK$34,249,000, HK$33,107,000, HK$31,965,000 and HK$31,394,000 at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively, were pledged to secure banking facilities (Note 13) granted to the Target Company.

Leasing arrangement – as lessor

The investment properties are leased to a tenant for a term ranged from two to three years, respectively, in which are non-cancellable. Monthly rental charges are fixed payments. The tenant also bears the management fees and amounts charged by the government such as the rent and rate levied on the Target Company.

The investment properties are subject to residual value risk. The Target Company has purchased insurance to protect it against any loss that may arise from accidents or physical damages of the properties.

The details of the lease income from operating leases are set out in Note 4 to the Historical Financial Information.

11. MOTOR VEHICLE

	Year ended 31 December			Six months ended 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reconciliation of carrying amount				
At the beginning of the reporting period	2,177	1,244	311	–
Depreciation	(933)	(933)	(311)	–
At the end of the reporting period	1,244	311	–	–

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost	3,111	3,111	3,111	3,111
Accumulated depreciation	(1,867)	(2,800)	(3,111)	(3,111)
	1,244	311	–	–

At 31 December 2017, 2018 and 2019 and 30 June 2020, the carrying amounts of the Target Company's motor vehicle amounted to approximately HK$1,244,000, HK$311,000, nil and nil, respectively.

12. DUE TO A SHAREHOLDER

The amount due is unsecured, interest-free and has no fixed term of repayment.

13. INTEREST-BEARING BORROWINGS

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured bank borrowing:				
Current portion	5,668	4,136	2,567	1,768

A mortgage loan of approximately HK$5,668,000, HK$4,136,000, HK$2,567,000 and HK$1,768,000 at 31 December 2017, 2018 and 2019 and 30 June 2020 bears interest at the lower of Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1.4% per annum or Hong Kong Dollar Best Lending Rate minus 2.75% per annum, and is wholly repayable within five years since its inception. The mortgage loan is secured by the investment properties of the Target Company with net carrying amount of approximately HK$34,249,000, HK$33,107,000, HK$31,965,000 and HK$31,394,000 at 31 December 2017, 2018 and 2019 and 30 June 2020 as set out in note 10 to the Historical Financial Information.

The mortgage loan, with a clause in the terms that gives the lender an overriding right to demand repayment without notice at its sole discretion, is classified as current liabilities even though the management does not expect that the lender would exercise its rights to demand repayment.

At 31 December 2017, 2018 and 2019 and 30 June 2020, the effective interest rates on the interest-bearing borrowings were 1.96%, 2.49%, 2.68% and 2.66% per annum, respectively. All the interest-bearing borrowings are denominated in HK$.

14. LEASE LIABILITIES

	At 31 December			At 30 June
	2017	2018	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current	320	320	320	293
Non-current	773	453	133	–
	1,093	773	453	293

The total cash outflow for leases for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 were approximately HK$341,000, HK$341,000, HK$341,000, HK$170,000 (unaudited) and HK$170,000, respectively.

15. SHARE CAPITAL

	At 31 December			At 30 June
	2017	2018	2019	2020
	HK$	*HK$*	*HK$*	*HK$*
Issued and fully paid - 2 ordinary shares				
At the beginning and at the end of the reporting period	2	2	2	2

These shares rank pari passu with all existing shares in all respect.

No losses per share information is presented, as its inclusion, for the purpose of this accountants' report, is not considered meaningful.

16. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Company had the following related party transactions during the Relevant Periods:

Name of related party	Nature of transaction	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Ever Harvest Shipping Limited and China-HK Shipping Limited, companies controlled by Mr. Lau Yu Leung*	Rental income	1,950	650	–	–	–
Mr. Lau Yu Leung, a shareholder	Rental income	–	96	144	72	72

Rental income is charged at a fixed monthly rental based on the terms as agreed by the parties involved.

* For the years ended 31 December 2017 and 2018, building management fees and amounts charged by the government such as the rent and rate associated with the rental income were borne by the tenants.

17. ADDITIONAL INFORMATION ON CASH FLOWS

Reconciliation of liabilities arising from financing activities

The movements during the reporting period in the Target Company's liabilities arising from financing activities are as follows:

	At 1 January 2017	**Net cash flow**	**At 31 December 2017**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2017			
Interest-bearing borrowings	7,182	(1,514)	5,668
Lease liabilities	1,413	(320)	1,093
Due to a shareholder	28,517	266	28,783
	37,112	(1,568)	35,544

	At 1 January 2018	**Net cash flow**	**At 31 December 2018**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2018			
Interest-bearing borrowings	5,668	(1,532)	4,136
Lease liabilities	1,093	(320)	773
Due to a shareholder	28,783	1,559	30,342
	35,544	(293)	35,251

	At 1 January 2019	**Net cash flow**	**At 31 December 2019**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2019			
Interest-bearing borrowings	4,136	(1,569)	2,567
Lease liabilities	773	(320)	453
Due to a shareholder	30,342	2,401	32,743
	35,251	512	35,763

	At 1 January 2019	Net cash flow	At 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2019 (unaudited)			
Interest-bearing borrowings	4,136	(780)	3,356
Lease liabilities	773	(160)	613
Due to a shareholder	30,342	1,001	31,343
	35,251	61	35,312

	At 1 January 2020	Net cash flow	At 30 June 2020
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2020			
Interest-bearing borrowings	2,567	(799)	1,768
Lease liabilities	453	(160)	293
Due to a shareholder	32,743	1,200	33,943
	35,763	241	36,004

18. COMMITMENTS

The Target Company leases out its investment properties under operating leases, which typically run an initial lease period of three years.

Below is a maturity analysis of undiscounted lease payments to be received from the investment properties subject to an operating lease. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	At 31 December			At 30 June
	2017	2018	2019	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year 1	–	144	144	120
Year 2	–	144	48	–
Year 3	–	48	–	–
	–	336	192	120

19. CAPITAL RISK MANAGEMENT

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Company is financed by its cash flows from operations or obtain financing from ultimate holding company to meet its funding needs. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

No changes were made in the objectives, policies or processes during the Relevant Periods.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise of deposits and other receivables, amount due to a shareholder, bank balances and accrued charges and other payables. Details of the financial instruments are disclosed in respective notes. The main risks arising from the Target Company's financial instruments are credit risk, liquidity risk and interest rate risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged during the Relevant Periods.

Credit risk

The carrying amount of financial assets on the statements of financial position, which is net of impairment losses, represents the Target Company's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Target Company's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The credit risk exposure to these credit risks are closely monitored on an ongoing basis by the management to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target Company consider that the Target Company's credit risk is significantly reduced.

Deposits and other receivables

The Target Company considers that deposits and other receivables have low credit risk based on the customers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on these financial assets are measured on ECL and reflects the short maturities of the exposures.

In estimating the ECL, the Target Company has taken into account the historical actual credit loss experience and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Target Company considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties. There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

Balance with financial institution

The credit risk on bank balances is minimal because the counterparties have high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Target Company's objective is to maintain a balance between continuity of funding and flexibility. The Target Company has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Target Company's financial liabilities at the end of the reporting period, based on contractual undiscounted payments, is summarised below:

	Total carrying amount	Total contractual undiscounted cash flow	Less than 1 year or on demand	1 – 2 years	2 – 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2017					
Accrued charges and other payables	5	5	5	–	–
Due to a shareholder	28,783	28,783	28,783	–	–
Lease liabilities	1,093	1,165	341	341	483
Interest-bearing borrowings *(Note)*	5,668	5,668	5,668	–	–
	35,549	35,621	34,797	341	483
At 31 December 2018					
Accrued charges and other payables	5	5	5	–	–
Due to a shareholder	30,342	30,342	30,342		–
Lease liabilities	773	824	341	341	142
Interest-bearing borrowings *(Note)*	4,136	4,136	4,136	–	–
	35,256	35,307	34,824	341	142
At 31 December 2019					
Accrued charges and other payables	5	5	5	–	–
Due to a shareholder	32,743	32,743	32,743	–	–
Lease liabilities	453	483	341	142	–
Interest-bearing borrowings *(Note)*	2,567	2,567	2,567	–	–
	35,768	35,798	35,656	142	–
At 30 June 2020					
Accrued charges and other payables	5	5	5	–	–
Due to a shareholder	33,943	33,943	33,943	–	–
Lease liabilities	293	312	312	–	–
Interest-bearing borrowings *(Note)*	1,768	1,768	1,768	–	–
	36,009	36,028	36,028	–	–

Note: The amounts repayable under certain bank loan agreements that include a clause that gives the banks unconditional rights to call the loans at anytime are classified under the category of "Less than 1 year or on demand". However, the management does not expect that the banks would exercise such rights to demand repayment and thus, the borrowings, which included the related interest, would be repaid according to the below schedule as set out in the loan agreements.

	At 31 December			At 30 June
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 1 year or on demand	1,653	1,656	1,653	1,650
1 – 2 years	1,656	1,653	962	137
2 – 5 years	2,615	962	–	–
	5,924	4,271	2,615	1,787

Interest rate risk

The management considers that in the Target Company's interest rate risk is derived from the fluctuation of the HIBOR or Hong Kong Dollar Best Lending Rate arising from the Target Company's variable interest rate borrowing.

At 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020, if the HIBOR or Hong Kong Dollar Best Lending Rate had been 1% higher or lower while all other variables were held constant, the Target Company's loss for the year would increase or decrease by approximately HK$57,000, HK$41,000, HK$26,000, HK$34,000 (unaudited) and HK$18,000 respectively.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the Relevant Periods.

21. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this Historical Financial Information, there are no other subsequent events.

22. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in accordance with HKFRSs and/or other applicable financial reporting standards in respect of any period subsequent to 30 June 2020.

Set out below is the management discussion and analysis of the Target Company for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "**Relevant Periods**"). The Target Company is a company incorporated in Hong Kong with limited liability on 24 May 2011. It is principally engaged in the business of property holding.

Business Review

The current principal assets of the Target Company are (i) the Property, which comprise the office with gross floor area of 5,961 sq. ft. and 3 car parking spaces in the same building; and (ii) the Vehicle.

Financial Review

Rental Income and Other Income

As the Target Company is principally engaged in property holding in Hong Kong, there is only one segment of the business of the Target Company. An analysis of the Target Company's revenue for the Relevant Periods is as follow:

	For the year ended 31 December			**Six months ended 30 June**
	2017	**2018**	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental Income	1,950	746	144	72
Other Income	1	1	1	1

Revenue of the Target Company mainly comprises the rental income and the interest income. Gross rental incomes mainly represent rents received from the lessee of the Property amounting to approximately HK$1.95 million, HK$0.75 million, HK$0.14 million and HK$72,000 for the three years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020, respectively.

Operating Expenses

Operating expenses mainly comprise depreciation, building management fees and rates.

The Target Company incurred finance costs in respect of interests in leases and a mortgage loan amounting to an aggregate of approximately HK$145,000, HK$141,000, HK$109,000 and HK$39,000 for the three years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020, respectively.

Liquidity, Financial Resources and Borrowings

The gearing ratios of the Target Company were approximately 53.8%, -30.5%, -11.4% and -9.2% as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively. The gearing ratio is calculated on total liabilities over equity attributable to owners of the Target Company. The negative gearing ratio was attributable to the increase in the shareholder's loan and the increase in accumulated losses.

The current assets as at 31 December 2017, 2018 and 2019 and 30 June 2020 mainly comprised the deposit and other receivables, income tax recoverable, bank balances.

The current liabilities as at 31 December 2017, 2018 and 2019 and 30 June 2020 mainly comprised the Shareholder's Loan and the mortgage loan advance by the Bank of Communications Co., Ltd. Hong Kong Branch to the Target Company and secured by, among others, part of the Property (the "**Mortgage Loan**"). The Shareholder's Loan amounted to approximately HK$28.8 million, HK$30.3 million, HK$32.7 million and HK$33.9 million as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively. The Mortgage Loan amounted to approximately HK$5.7 million, HK$4.1 million, HK$2.6 million and HK$1.8 million as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

The total equity of the Target Company was approximately HK$0.7 million, HK$-1.2 million, HK$-3.1 million and HK$-3.9 million as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively. The decrease was due to the Target Company generated loss for three years ended 31 December 2017, 2018, 2019 and the six months ended 30 June 2020.

Contingent Liabilities

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Target Company did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Target Company did not have any capital commitments.

Charge or Pledge of Assets

As at 31 December 2017, 2018, 2019 and 30 June 2020, the amount of Mortgage Loan outstanding was approximately HK$5.7 million, HK$4.1 million, HK$2.6 million and HK$1.8 million respectively, which bear interest at the lower of Hong Kong Interbank Offered Rate plus 1.4% per annum or Hong Kong Dollar Best Lending Rate minus 2.75% per annum.

As at 31 December 2017, 2018, 2019 and 30 June 2020, the amount of lease liabilities in respect of hire purchase of the Vehicle was approximately HK$1.1 million, HK$0.8 million, HK$0.5 million and HK$0.3 million, respectively.

Save as disclosed above, the Target Company did not have any other charge or pledge on its assets.

Foreign Currency Risks

All of the transactions of the Target Company are denominated in Hong Kong dollar and the Target Company does not have significant exposure to foreign exchange risks.

Material Investments

The Target Company did not have any material investments during the Relevant Periods. The Target Company also does not have any future plans for material investments at this stage.

Employees

During the Relevant Period, the Target Company had not employed any full-time employees.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Relevant Periods and the Target Company had no future plans for material acquisitions or disposals of subsidiaries, associates and joint ventures.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's independent reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong.

A. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

mazars

Mazars CPA Limited
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30 November 2020

The Board of Directors
Ever Harvest Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ever Harvest Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities at 30 June 2020 and related notes as set out in Appendix IV to the circular in connection with the proposed acquisition of the entire issued share of Eternity Hong Kong Investment Limited (the "**Target Company**") (the "**Acquisition**") dated 30 November 2020 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's consolidated financial position at 30 June 2020 as if the Acquisition had taken place on 30 June 2020. As part of this process, information about the Group's unaudited condensed consolidated financial position at 30 June 2020 has been extracted by the Directors from the Group's interim report for the six months ended 30 June 2020 which no audit, review or accountants' report has been published. Information about the financial position of the Target Company at 30 June 2020 has been extracted by the Directors from Appendix II to the Circular.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting accountants' independence and quality control

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

The firm applies Hong Kong Standard on Quality Control 1 (Clarified) "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of the unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2020 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. INTRODUCTION

The following is a summary of illustrative unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities at 30 June 2020 in connection with the proposed acquisition of the entire issued shares of Eternity Hong Kong Investment Limited (the "**Target Company**") (the "**Acquisition**"). The unaudited pro forma financial information presented below is prepared to illustrate the financial position of the Group immediately after completion of the Acquisition (the "**Enlarged Group**") at 30 June 2020 as if the Acquisition had been completed on 30 June 2020.

The unaudited pro forma financial information is prepared based on the unaudited condensed consolidated statement of financial position of the Group at 30 June 2020 as extracted from the interim report of the Group for the six months ended 30 June 2020 and the audited statement of financial position of the Target Company at 30 June 2020 as extracted from Appendix II to the Circular.

The unaudited pro forma financial information is presented after making pro forma adjustments that are directly attributable to the Acquisition and not relating to future events or decisions, factually supportable and clearly identified as to those adjustments which are expected to have no continuing effect on the Enlarged Group.

The unaudited pro forma financial information has been prepared by the Directors in accordance with paragraph 4.29(1) of the Listing Rules, for the purposes of illustrating the effect of the Acquisition is based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position, financial performance and cash flows of the Group had the Acquisition been completed as of 30 June 2020, where applicable, or any future date.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the interim report of the Group for the six months ended 30 June 2020 and other financial information included elsewhere in the Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on a number of assumptions, estimates and uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up or at any future date. Further, the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group.

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

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2020 has been prepared based on the unaudited condensed consolidated statement of financial position of the Group at 30 June 2020, which have been extracted from the interim report of the Company for the period then ended and the audited statement of financial position of the Target Company as 30 June 2020, which have been extracted from Appendix II, after making pro forma adjustments relating to the Acquisition that are directly attributable to the transaction and factually supportable.

	The Group at 30 June 2020	Target Company at 30 June 2020	Pro forma adjustments		Pro forma Enlarged Group at 30 June 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Property, plant and equipment	100,634	–	1,730	–	102,364
Investment properties	–	31,394	42,250	626	74,270
	100,634	31,394	43,980	626	176,634
Current assets					
Financial assets at fair value through profit or loss	4,282	–	–	–	4,282
Trade and other receivables	58,374	108	–	–	58,482
Pledged bank deposits	790	–	–	–	790
Tax recoverable	181	–	–	–	181
Bank balances and cash	79,567	584	(52,400)	(626)	27,125
	143,194	692	(52,400)	(626)	90,860

	The Group at 30 June 2020	Target Company at 30 June 2020	Pro forma adjustments		Pro forma Enlarged Group at 30 June 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current liabilities					
Trade and other payables	67,754	5	–	–	67,759
Amount due to a shareholder	–	33,943	(33,943)	–	–
Consideration payable	–	–	21,600	–	21,600
Interest-bearing borrowings	45,516	1,768	–	–	47,284
Lease liabilities	1,078	293	–	–	1,371
	114,348	36,009	(12,343)	–	138,014
Net current assets (liabilities)	28,846	(35,317)	(40,057)	(626)	(47,154)
Total assets less current liabilities	129,480	(3,923)	3,923	–	129,480
Non-current liabilities					
Lease liabilities	1,480	–	–	–	1,480
Net assets (liabilities)	128,000	(3,923)	3,923	–	128,000

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

1. The balances have been extracted, without adjustments, from the interim report of the Group for the six months ended 30 June 2020.

2. The balances are extracted from the accountants' report on the Target Company as set out in Appendix II to the Circular without adjustment.

3. The adjustment includes the remaining consideration payable. In accordance with the Agreement, the consideration payable of HK$21,600,000 will be repayable on the first anniversary of the completion date or such other date as may be agreed by the Vendors and the Purchaser.

   The Acquisition is accounted for as an acquisition of assets and liabilities. The Group shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The consideration of the Acquisition shall be allocated to the individual identifiable assets and liabilities of the Target Company on the basis of their relative fair values at the date of Acquisition, as follows:

		Fair value adjustment	
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment *(Note (i))*	–	1,730	1,730
Investment properties *(Note (i))*	31,394	42,250	73,644
Trade and other receivables	108		108
Bank balances and cash	584		584
Trade and other payables	(5)		(5)
Interest-bearing borrowings	(1,768)		(1,768)
Lease liabilities	(293)		(293)
	30,020		74,000

Notes:

(i) the market values of motor vehicle and investment properties of the Target Group as at the completion date of the Acquisition will be determined by the Directors with reference to the valuations carried out by an independent professional qualified valuer of the Company. The Group intended to self-use the motor vehicle while the property are held for long term investment purpose to generate rental incomes.

4. The adjustment represents the payment of direct expenses including stamp duty and legal and professional fee in connection with the Acquisition, which would be capitalised as part of consideration of the property.

5. Save as set out above, the Unaudited Pro Forma consolidated statement of assets and liabilities does not take into account any trading results or other transactions of the Group and the Target Company subsequent to 30 June 2020, as included in the Unaudited Pro Forma consolidated statement of assets and liabilities.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from RHL Appraisal Limited, an independent valuer, in connection with its valuation as at 30 September 2020 of the Property held by Eternity Hong Kong Investment Limited (恒和香港投資有限公司).

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永利行評值顧問有限公司
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30 November 2020

The Board of Directors
Ever Harvest Group Holdings Limited
17/F, Excel Centre,
No.483A Castle Peak Road,
Cheung Sha Wan,
Kowloon, Hong Kong

Dear Sir/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the property interest ("**the Property**") held by Eternity Hong Kong Investment Limited (恒和香港投資有限公司) to be acquired by the Group. We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 September 2020 (the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

Direct Comparison Approach is adopted by making reference to the comparable market transactions/asking cases as available. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the International Valuation Standards 2020 issued by International Valuation Standards Council.

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

i. all necessary statutory approvals for the Property or the subject building of which the Property forms part of their use have been obtained;

ii. transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;

iii. the owner of the Property has enforceable titles to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired terms as granted;

iv. no deleterious or hazardous materials or techniques have been used in the construction of the Property;

v. the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown;

vi. the Property is connected to main services and sewers which are available on normal terms; and

vii. the cost of repairs and maintenance to the buildings of which the Property are shared among all owners of the building, and that there are no onerous liabilities outstanding.

TITLE INVESTIGATION

We have conducted land search of the Property. However, we have not examined the original documents to verify the existing titles to the Property or any amendment which does not appear on the copies handed to us.

LIMITING CONDITIONS

We have inspected the Property on 19 October 2020 by Jonathan Ho who has 7 years of experience in property valuation. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied very considerable extent on the information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Group. Neither have we verified the correctness of any information supplied to us concerning the Property.

DECLARATION

It is declared that we are the "External Valuer" for the subject property valuation assignment.

According "An 'External Valuer' is a valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment."

REMARKS

We have valued the Property in Hong Kong Dollars.

We enclose herewith the "Property Particulars and Opinion of Value".

Serena S. W. Lau	**Jessie X. Chen**
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)	*MRICS, MSc (Real Estate), BEcon*
Managing Director	*Senior Associate Director*

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 10 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property	Description	Particulars of occupancy	Market value as at 30 September 2020 *HK$*
Unit on the 28th Floor and car parking spaces Nos. P53 and P.55 on the 9th Floor, and No. P2 on the 3rd Floor Excel Centre, No. 483A Castle Peak Road, Kowloon 8050/167915th The Remaining Portion of New Kowloon Inland Lot No. 6242	The Property comprises an entire office on the 28th floor of a total 21-storey office tower on top of a 6-storey car park podium (where 3 car parking spaces located) of reinforced concrete construction completed in 2011. According to the developer's brochure, the gross floor area and saleable area of the 28th floor are 5,961 square feet or thereabouts and 4,177 square feet or thereabouts respectively. The Property is held under Conditions of Exchange No. UB12505 for a term of 50 years commencing from 6th November 1997. The annual rent is 3% of the rateable value for the time being of the lot subject to General Condition No.1 of Conditions of Exchange No. 12505 (NKIL 6242)	The Property is held for investment.	HK$73,380,000 (HONG KONG DOLLARS SEVENTY THREE MILLION THREE HUNDRED AND EIGHTY THOUSAND ONLY)

Notes:

1. The registered owner of the Unit on the 28th Floor together with Car Parking Space Nos. P53 and P55 on the 9th Floor is Eternity Hong Kong Investment Limited (恒和香港投資有限公司) vide assignment with plan memorial no. 11081802080060 for a consideration of HK$38,814,300.00 (PT.) dated 25th July 2011.

2. The registered owner of Car Parking Space No. P2 on the 3rd Floor is Eternity Hong Kong Investment Limited (恒和香港投資有限公司) vide assignment with plan memorial no. 11121601770110 for a consideration of $600,000.00 dated 30th November 2011.

3. The Property is subject to Occupation Permit (NO. KN28/2010 (OP)) vide memorial no. 11042802830495 dated 29th December 2010.

4. The Property is subject to Certificate of Compliance vide memorial no. 11042802830508 dated 13th April 2011.

5. The Property is subject to Deed of Mutual Covenant and Management Agreement with Plans in favour of Hong Yip Service Company Limited (康業服務有限公司) (Manager) vide memorial no. 11070502410026 dated 17th June 2011.

6. Unit on the 28th Floor together with Car Parking Space Nos. P53 and P55 on the 9th Floor is subject to a Mortgage in favour of Bank of Communication Co., Ltd. for a consideration of all monies (PT.) vide memorial no. 11081802080078 dated 25th July 2011.

7. Pursuant to a tenancy agreement entered into between the Company as the lessor (the "**Lessor**") and a lessee, the car parking spaces Nos. P53 and P55 on the 9th Floor and No. P2 on the 3rd Floor are leased to the lessee with a term commencing on 1 May 2018 and expiring on 30 April 2021 at a total monthly rental of HK$12,000 inclusive of management fee and other service charges for car park use.

8. We have adopted market approach in the valuation. The subject property is located in Cheung Sha Wan, a well-developed commercial and industrial area.

   In our valuation, the selection criteria of the comparable shall be the same usage, similar grading, close location or similar location, close transaction date to the valuation date. We have considered various transactions in surrounding, however, the transaction of similar properties in Cheung Sha Wan is not active this year. The most relevant comparable recently in surrounding are two transactions from the Globe. To further support the valuation, we have also adopt a transaction from the Metroplaza which transacted close to the valuation date. The Metroplaza is located at Kwai Fong, another commercial and industrial area similar to subject locality. Details of the comparable are listed below:

No.	**Development**	**Saleable Area (sq.ft)**	**Transaction Date**	**Transaction Amount** *(HK$)*	**Unit Rate** *(HK$)*
1	Unit D-F, 25/F, the Globe	2,753	28 May 2020	43,459,300	15,750
2	Unit D-E, 27/F, the Globe	1,970	05 Dec 2019	31,607,500	16,044
3	Unit 11, 28/F, Block 2, the Metroplaza	535	5 Aug 2020	7,600,000	14,206

   Adjustments have been made on several factors including time (-7.33% - 4.32%), building age (6% – 9%), location (0% – 3%), floor (-0.75% – -0.5%) and size (-7.28% – -2.85%). The total adjustment applied to comparable No.1, 2 and 3 are around 6.74%, -6.58% and 7.78% respectively. After adjustments, the adopted unit rate of office is at HK$15,700/sq.ft.. The market value of the office as at 30 September 2020 was HK$66,000,000.

   For car parking space, the selection criteria of the comparable shall be the same usage, similar condition, close location, close transaction date to the valuation date. The comparable adopted are listed below:

No.	**Development**	**Reference**	**Transaction Date**	**Transaction Amount** *(HK$)*
1	Global Gateway Tower	CPP8	10 June 2020	2,238,000
2	Global Gateway Tower	CPP42	17 July 2020	2,576,000
3	Global Gateway Tower	CPP38	21 Sep 2020	2,576,000

   All the comparable are transacted close to the valuation date and the condition and location are considered to be relevant to the subject. The adopted unit rate of the car parking space is at HK$2,460,000/unit. The total market value of the three car parking spaces as at 30 September 2020 was HK$7,380,000.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from RHL Appraisal Limited., an independent valuer, in connection with its valuation as at 30 September 2020 of the Vehicle held by Ever Harvest Group Holdings Limited.

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Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

30 November 2020

The Board of Directors
Ever Harvest Group Holdings Limited
17th Floor, Excel Centre,
No. 483A Castle Peak Road,
Cheung Sha Wan,
Kowloon,
Hong Kong

Dear Sir/ Madam,

1. INSTRUCTIONS

In accordance with the instructions by Ever Harvest Group Holdings Limited (the "**Company**") for us to value the motor vehicle (the "**Vehicle**") exhibited to us held by the Company and its subsidiaries (together referred to as the "**Group**"), we confirm that we have carried out a site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair market value of the Vehicle as at 30 September 2020 (the "**Valuation Date**").

This letter forms part of the valuation report which comprise of the follows, which identifies the Vehicle appraised, valuation methodology, scope of our investigation, assumptions, considerations, and limiting conditions.

- Brief description, which identifies the Vehicle, the scope and character of our investigation, also the valuation process employed and the opinion of values; and

- Valuation Assumptions and Limiting conditions.

2. BASIS OF VALUATION

The basis of value will be fair market value in continued use which is defined as the following:

Fair market value is defined as the estimated amount at which an asset might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

Fair market value in continued use is defined as the fair market value of an asset based on continuation of its existing use, assuming the asset could be sold in the open market for its existing use, and otherwise in keeping with the market value definition regardless of whether or not the existing use represents the highest and best use of the asset.

Fair market value under the premise of continued use does not represent the amount that might be realized in the event of piecemeal disposition of the asset in the open market or from any alternative use to which it may be put.

3. BACKGROUND AND DESCRIPTION OF ASSETS

The Groups is principally engaged in rendering sea freight transportation and freight forwarding services in Hong Kong and in the PRC.

The Vehicle under review within this report comprise of one unit of luxury passenger car assigned for private use.

We have assumed in our valuation that the Vehicle are generally kept in good condition, in working order and apparently properly maintained.

The particulars of the Vehicle are stated as below: -

Maker	:	Bentley
Model	:	Flying Spur W12
Country/Place of Origin	:	U. K.
Chassis No./V.I. No.	:	SCBEB53W5GC053821
Engine Number	:	DBD002089
Cylinder Capacity (Petrol)	:	5998 c.c.
Year of Manufacture	:	2015
Date if First Registration	:	16/11/2016
Body Type	:	Private Car
Milage at Inspection	:	28,428 km.
Registration Mark	:	EH1549

4. VALUATION METHODOLOGIES

There are generally three accepted approaches for our valuation, namely:

The Cost Approach

The Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation, which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.

The Market Approach

The Market Approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

The Income Approach

The Income Approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets which consists of all assets of a business enterprise including working capital and tangible and intangible assets.

General

In most valuations, one or more may be applicable to the subject assets. In some situations, elements of the three approaches may be combined to reach a value conclusion.

5. ANALYSIS

In developing our opinion on the market value for the Vehicle, we considered the three generally accepted approaches to value: cost, market and income. In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to valuation of the Vehicle. In some situations, elements of two or three approaches may be combined to reach a value conclusion. For this appraisal, since the income generated by the Vehicle could hardly be identified, therefore, the income approach and the cost approach were not applied. The market approach was the principal method adopted to arrive at our opinion of value.

The theory of the market approach is outlined as follows:

In the market approach, the value of the appraised asset is estimated through analysis of recent sales of comparable items. It is employed in the valuation of an asset for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the cost to acquire similar items in the used market; an allowance then is made to reflect the costs for freight and installation.

Normally, the valuation process involves reviewing price and value guides, current market offerings and sales information from the retail market level. In general, the private transaction sale is usually the best market for the buyer and seller, despite tracking transactions within this market is very difficult. In preparing this appraisal report, the sources from private sales and information from 28car website has been evaluate.

Accordance with the vehicle registration document, the Vehicle has been manufactured in the year 2015. However, the date of first registration is at 16/11/2016. For this valuation, we have selected 5 comparable vehicles (the "**Comparable Vehicles**") from the website of 28car.com. Among them, two vehicles are made in the year 2015 and the other three are made in the year 2016.

The selection criteria of the Comparable Vehicles shall be same type and model, with same capacity. We are considering the age, the milage, the owner history and whether the car is imported by Hong Kong dealer or parallel imported by other car traders. As the comparable are adopted with similar age and condition as the subject. The depreciation is considered to be the same. The table below summarized the Comparable Vehicles manufactured in 2015 & 2016.

Fair Market Value of Motor Vehicle (Year 2015 Manufacture)

BENTLEY FLYING SPUR W12	5-seat	5998cc	Automatic gear	2015	HK$1,788,000
BENTLEY FLYING SPUR W12	5-seat	5998cc	Automatic gear	2015	HK$1,680,000
			FMV@2015 manufacture:		**HK$1,734,000**

Fair Market Value of Motor Vehicle (Year 2016 Manufacture)

BENTLEY FLYING SPUR W12	5-seat	5998cc	Automatic gear	2016	HK$1,880,000
BENTLEY FLYING SPUR W12	5-seat	5998cc	Automatic gear	2016	HK$1,780,000
BENTLEY FLYING SPUR W12	5-seat	5998cc	Automatic gear	2016	HK$1,780,000
			FMV@2016 manufacture:		**HK$1,813,333**

From the above analysis, we can see that the deviation from the mean fair value of the 5 Comparable Vehicles is in the range of -2.9% to +3.4%, conform to the majority of market trend, so we adopted for this valuation.

In the course of valuation, we have perused records, conducted enquiries with senior management, and obtain relevant information in regards to the Vehicle.

6. SCOPE OF INVESTIGATION, ASSUMPTIONS AND CONSIDERATIONS

We conducted an inspection of the Vehicle on 19 October 2020. During our inspection, we noted that the Vehicle was in good working condition without any damage, dent, or scratches. At the time of inspection, the total milage is recorded at 28,428 km.

Consideration had been given to accrued depreciation that was based on the observed condition and present and prospective serviceability in comparison with new units of like kind, maintenance policy, characters, levels of use and to all other factors that are deemed to have an influence in its value.

In forming our opinion of fair market value in continued use of the Vehicle, we have assumed that it will continue to be used in its present existing state for which they were designed, and produced, without specific reference to income.

The opinion of fair market value in continued use of the Vehicle for intended utilization is not necessarily intended to represent the amount that might be realized from piecemeal disposition of the Vehicle in the open market or from alternative uses of the Vehicle.

We have assumed that the Vehicle will be used in their present existing state with the benefit of continuity during the foreseeable future.

We have made no investigation of and assumed no responsibility for titles to the Vehicle. We have also assumed in our valuation that the Vehicle are free from any encumbrance.

Our investigation was restricted to an ocular inspection and valuation of the Vehicle did not attempt to arrive at any conclusion of values of the Group as a total business entity.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Vehicle were used.

We had not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Vehicle. Also, no investigation was conducted as to whether the operation of specific pieces of the Vehicle complied with the relevant environmental standards and ordinances; we had assumed that the Vehicle continued and would continue to comply with the current environmental standards and ordinances. We made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have highly relied on the information provided by the Group in valuing the Vehicle.

7. LIMITING CONDITIONS

All the inventories, machineries and/or equipment were listed as complete units, i.e., machineries and/or equipment as listed are meant to include all parts and accessories normally comprising the unit.

We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

We are not prepared to give testimony or attendance in court or to any government agency with reference to the Vehicle.

Neither the whole nor any part of this report and valuation, nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Unless otherwise stated, the Vehicle have been valued in Hong Kong Dollar.

8. OPINION OF VALUE

We are of the opinion that as at the Valuation Date, the fair market value of the Vehicle as listed above of continued use is fairly represented in the amount of HK$1,730,000 (HONG KONG DOLLAR ONE MILLION SEVEN HUNDRED THIRTY THOUSAND ONLY).

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Jessie X. Chen
MRICS, MSc (Real Estate), BEcon
Associate Director

Sunny C.K. Lee
MSc, BEng (Hons), CEng., MIMechE
MSAE, AMHKIE,

Sr Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 10 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

Mr. Sunny C.K. Lee is a Chartered Mechanical Engineer and he has extensive experience in plant and machinery valuation in Greater China and the Asia-Pacific Region.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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.

2. DISCLOSURE OF INTERESTS

(A) Directors and chief executives of the Company

As at the Latest Practicable Date, the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"):

(i) long position of the shares

Name of Director	**Capacity/Nature of interest**	**Number and class of securities**	**Approximate percentage of interest in the Company**
Lau Yu Leung	Interest of controlled corporation(3) and interest of spouse(4)	945,000,000(L)	67.50%
Tong Hung Sum	Interest of controlled corporation(5) and interest of spouse(6)	945,000,000(L)	67.50%
Lau Tak Fung Wallace	Interest of controlled corporation(7)	52,500,000(L)	3.75%
Lau Tak Kee Henry	Interest of controlled corporation(8)	52,500,000(L)	3.75%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.

2. Mr. Lau Yu Leung is the spouse of Madam Tong Hung Sum.

3. 892,500,000 Shares are registered in the name of Ever Winning Investment Company Limited ("**Ever Winning Investment**"), which is owned as to 100% by Mr. Lau Yu Leung.

4. 52,500,000 Shares are registered in the name of Ever Forever Investment Company Limited, which is owned as to 100% by Madam Tong Hung Sum, the spouse of Mr. Lau Yu Leung. Mr. Lau Yu Leung is deemed to be interested in Madam Tong Hung Sum's interest in the Company by virtue of the SFO.

5. 52,500,000 Shares are registered in the name of Ever Forever Investment Company Limited, which is owned as to 100% by Madam Tong Hung Sum.

6. 892,500,000 Shares are registered in the name of Ever Winning Investment, which is owned as to 100% by Mr. Lau Yu Leung, the spouse of Madam Tong Hung Sum. Madam Tong Hung Sum is deemed to be interested in Mr. Lau Yu Leung's interest in the Company by virtue of the SFO.

7. 52,500,000 Shares are registered in the name of Ever Miracle Investment Company Limited, which is owned as to 100% by Mr. Lau Tak Fung Wallace.

8. 52,500,000 Shares are registered in the name of Ever Glorious Investment Company Limited, which is owned as to 100% by Mr. Lau Tak Kee Henry.

Save for those disclosed above, as at the Latest Practicable Date, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Directors and chief executive 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 notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

(ii) long position of the shares in Ever Winning Investment, the immediate and ultimate holding company of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number and class of securities in the associated corporation	Approximate percentage of interest in the associated corporation
Lau Yu Leung	Ever Winning Investment	Beneficial Owner [1]	1	100%
Tong Hung Sum	Ever Winning Investment	Interest of spouse [2]	1	100%

Notes:

1. The disclosed interest represents the interests in the associated corporation, Ever Winning Investment, which is held as to 100% by Mr. Lau Yu Leung.

2. Madam Tong Hong Sum is the spouse of Mr. Lau Yu Leung. By virtue of the SFO, Madam Tong Hong Sum is deemed to be interested in the 1 share of Ever Winning Investment held by Mr. Lau Yu Leung.

(B) Substantial Shareholders

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company and this interest represents long positions in the ordinary shares of HK$0.1 each of the Company:

(i) Long position in the Share

Name of Director	Capacity/ Nature of interest	Number and class of securities	Approximate percentage of interest in the Company
Ever Winning Investment	Beneficial Owner	892,500,000 Shares (L)	63.75%

Notes:

1. The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.

2. The Company is held as to approximately 63.75% by Ever Winning Investment.

3. SERVICE CONTRACT

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

4. MATERIAL ADVERSE CHANGE

Save as otherwise disclosed herein, the Directors are not aware of any material adverse changes in financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Enlarged Group or have or may have any other conflicts of interest with the Enlarged Group pursuant to the Listing Rules.

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Save for the Agreement and the transactions contemplated thereunder:

(a) no contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group subsisted as at the Latest Practicable Date; and

(b) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2019 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group as at the Latest Practicable Date.

Please refer to the "Letter from the Board" set out on pages 4 to 13 of this circular for details relating to the Agreement and the transactions contemplated thereunder.

8. EXPERTS AND CONSENTS

The followings are the qualification of the experts whose letters and reports are contained in this circular:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants
Merdeka Corporate Finance Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
RHL Appraisal Limited	Professional valuer

The experts above have given and has not withdrawn their written consent to the issue of this circular with the inclusion of its letter and/or report and/or reference to its name, in the form and context in which they respectively appear.

The letters or reports (as the case may be) from the above experts are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of the experts above had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, none of the experts above had any direct or indirect interests in any assets which have since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered by members of the Enlarged Group after the date falling two years prior to the issue of this circular and up to the Latest Practicable Date and which are or may be material:

(a) the three agreements dated 10 December 2018 entered into among Millions Good Limited (万升有限公司), a wholly-owned subsidiary of the Company, as purchaser, and Ever Harvest Harbour Transportation Limited (永豐港口運輸有限公司), Ever Harvest Cargo Express Limited (永豐貨運有限公司) and Ever Harvest Marine Transport Limited (永豐海運有限公司) as vendors, respectively, in respect of the acquisition of three barges in total, at an aggregate consideration of HK$19,450,000; and

(b) the Agreement.

10. CORPORATE INFORMATION

Registered office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and Principal place of business in Hong Kong	17/F, Excel Centre 483A Castle Peak Road Cheung Sha Wan Kowloon Hong Kong
Company secretary	The company secretary of the Company is Mr. Yu Ho Ming ("**Mr. Yu**"). Mr. Yu has over 18 years of experience in auditing, advisory accounting and financial management. Mr. Yu is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He obtained his honours diploma in accounting from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) and he was awarded a Master of Finance from Curtin University.
Auditor	Mazars CPA Limited Certified Public Accountants
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 17/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon of Hong Kong, up to and including the date of the EGM:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company for the three financial years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;

(c) the material contracts referred to in the section headed "9. Material Contracts" in this Appendix;

(d) the accountants' report on the financial information of the Target Company, the text of which is set out in Appendix II to this circular;

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

(f) the valuation report prepared by RHL Appraisal Limited in relation to the Property, the text of which is set out in Appendix V to this circular;

(g) the valuation report prepared by RHL Appraisal Limited in relation to the Vehicle, the text of which is set out in Appendix VI to this circular;

(h) the written consents referred to in the paragraph headed "8. Experts and Consents" in this Appendix; and

(i) this circular.

EVER HARVEST GROUP HOLDINGS LIMITED
永 豐 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1549)

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

In line with the prevailing practices and guidelines on the prevention of the coronavirus (COVID-19) and in the interests of the health and safety of the Shareholders, Directors, staff and other participants of the EGM (the "**Stakeholders**"), the Company may, depending on the development with regard to COVID-19 pandemic, implement precautionary measures at the EGM which may include without limitation as follows:

(1) All attendees will be required to wear surgical face masks before they are permitted to attend and during their attendance of the EGM.

(2) There will be compulsory body temperature screening for all persons before entering the EGM venue and anyone decline to submit to temperature testing or be found to be with a body temperature higher than 37.4 degree Celsius will be denied entry into the EGM venue or be required to promptly leave the EGM venue.

(3) Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the EGM; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the EGM venue or be required to promptly leave the EGM venue.

(4) No refreshments will be provided to attendees.

(5) Other practical precautions which may include maintaining appropriate distancing and spacing at the venue or limiting the number of attendees at the EGM as may be necessary to avoid over-crowding.

The Company may implement further precautionary measures at the EGM as appropriate.

In light of the present risks posed by the COVID-19 pandemic and if such risks continue at the time of the EGM, in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and would like to encourage the Shareholders to appoint the chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Ever Harvest Group Holdings Limited (the "**Company**") will be held at 17/F, Excel Centre, 483A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 16 December 2020 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

"**THAT**

1. (a) the conditional agreement for sale and purchase dated 2 November 2020 (the "**Agreement**") entered into between Mr. Lau Yu Leung and Madam Tong Hung Sum as the vendors and Ever Harvest International Holdings Limited as the purchaser in relation to the sale and purchase of the entire issued share capital of Eternity Hong Kong Investment Limited (a copy of which has been produced to the meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified; and

   (b) any one director of the Company be and is hereby authorised to execute all other documents and to do all other acts and things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Agreement, and take such action as he may in his opinion consider to be necessary, desirable or expedient to implement and give effect to the Agreement and any other transactions contemplated under the Agreement, and to agree to such variation, amendment or waiver or matter relating thereto (including any variation, amendment or wavier of such documents or any terms thereof) as is/are in his opinion in the interest of the Company and its shareholders as a whole."

By Order of the Board
Ever Harvest Group Holdings Limited
Lau Yu Leung
Chairman

Registered Office in the Cayman Islands:
Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarter and principal place of business in Hong Kong:
17/F, Excel Centre
483A Castle Peak Road
Cheung Sha Wan Kowloon
Hong Kong

Hong Kong, 30 November 2020

As at the date of this notice, the board of directors of the Company comprises Mr. Lau Yu Leung, Mr. Lau Tak Fung Wallace and Mr. Lau Tak Kee Henry as executive directors; Madam Tong Hung Sum as non-executive director; Mr. Lo Wan Sing Vincent, Mr. Lam Lo, Mr. Lee Ka Lun and Mr. Kam, Eddie Shing Cheuk as independent non-executive directors.

Notes:

(1) A member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and, on a poll, vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and, on a poll, vote on his behalf. A proxy need not be a member of the Company.

(2) In order to be valid, a proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.

(3) The register of members of the Company will be not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM. However, in order to qualify for attending and voting at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 10 December 2020.

(4) According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at general meeting of the Company must be taken by poll. Therefore, all proposed resolutions put to the vote at the EGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.