

Company registration number 10607349 (England and Wales)

**VAUXHALL SQUARE (NOMINEE 1) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Qiang Fu	(Appointed 5 October 2022)
	Siu Kwok	(Appointed 5 October 2022)
<b>Company number</b>	10607349	
<b>Registered office</b>	14 Carnation Way London SW8 5GZ	
<b>Auditor</b>	Alliotts LLP Manfield House 1 Southampton Street London WC2R 0LR	

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# **VAUXHALL SQUARE (NOMINEE 1) LIMITED**

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# **VAUXHALL SQUARE (NOMINEE 1) LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present the strategic report for the year ended 31 December 2022.

#### **Fair review of the business**

The directors consider the results for the year to be in line with expectations: that little progress was made in the year, while its development strategy options were being assessed. The directors expect the company to function at its full capacity in the upcoming years.

In April 2022 the company's founder Guangzhou R&F Properties Co., Ltd. sold R&F Properties VS (UK) Co., Ltd., the company's immediate parent company, to Far East Consortium International Ltd. Then in October 2022 Big Brilliance Limited repurchased R&F Properties VS (UK) Co., Ltd. and resold to Flow Capital SPC. Following the acquisition by Flow Capital SPC, Guangzhou R&F Properties Co., Ltd. is responsible for operating the company for 9 months. Hence the company has received support from Guangzhou R&F Properties Co., Ltd. and its ultimate parent company Flow Capital SPC as there were not any profit generated from its current status, with the directors not being aware of any reasons that Guangzhou R&F Properties Co., Ltd. or Flow Capital SPC would not continue to support the company for a period of at least 12 months from the date of approval of these financial statements.

#### **Principal risks and uncertainties**

The directors take into account the following principal risks and uncertainties in the management and operation of the company's businesses.

##### **Strategic risk**

- The company's business and prospects are largely dependent on the performance of the property market in the United Kingdom. The property market in the United Kingdom is affected by a number of factors, including changes in social and economic environment. The Vauxhall Square project is also susceptible to changes in consumer confidence, consumption spending and changes in consumption preferences. Therefore, the company implements its strategies to target the premium areas to reduce such risks, and closely monitor its daily operation. However, these have not impacted the company's performance yet because the Vauxhall Square project is currently on hold and has minimal trading activities.
- In addition, the company's target customer base is likely to include a large number of overseas high net worth buyers which offers some level of protection to the sales pipeline from UK or global economic pressures.

##### **Financial risk**

- Tax changes focused on overseas property purchasers impacting Prime Residential market under the 2% extra stamp duty surcharge.

##### **Liquidity risk**

- The company operates within the borrowing guidelines and budgets established by the ultimate parent company.

##### **Health & safety risk**

- Due to the potentially high risk nature of construction work, the company ensures health and safety is at the heart of the entire project process
- The company ensures that all parties properly appointed to work on our projects;
  - adhere to all national and regulatory standards;
  - have a strong track record in delivering projects safely; and
  - keep health and safety first in all things.

#### **Key performance indicators**

The company was assessing development strategy options and had little activities other than holding the land for future development therefore the directors do not consider it is relevant to measure the operation by any key performance indicator.

However, the directors continue to monitor land held for development for impairment. Following a valuation carried out as at 31 December 2022, no impairment was identified.

#### **Future developments**

The company has continued its principal activity throughout the year, and the directors expect it to do so for the foreseeable future, under the support available from Flow Capital SPC.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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On behalf of the board

*Qiang Fu*

Qiang Fu (Jul 25, 2023 13:10 GMT+8)

Qiang Fu

Director

Date: 25/07/2023

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Principal activities

The principal activity of the company is the purchase and development of residential property and communities. This is a strategy established by the company's founder Guangzhou R&F Properties Co., Ltd. and the company will continue the strategy under the ownership of Flow Capital SPC.

#### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Qiang Fu	(Appointed 5 October 2022)
Siu Kwok	(Appointed 5 October 2022)
Wai Cheung	(Appointed 4 April 2022 and resigned 5 October 2022)
Zhixiong Guan	(Resigned 4 April 2022)
Cheong Hoong	(Appointed 4 April 2022 and resigned 5 October 2022)
Michael Lee	(Appointed 5 October 2022 and resigned 5 October 2022)
Sze Lim Li	(Resigned 5 October 2022)
John Connolly	(Appointed 4 April 2022 and resigned 5 October 2022)
David Chiu	(Appointed 4 April 2022 and resigned 5 October 2022)

#### Going concern

The directors of the company have prepared the financial statements on a going concern basis, which assumes the company will be able to meet its future obligations as they fall due, and the company will settle all payments within the agreed terms. The directors have assessed the company's debt and cash positions, including the company's ability to meet its day to day working capital requirements.

The company's operations are currently largely funded by continuous support from the ultimate parent company Flow Capital SPC. The ultimate parent company Flow Capital SPC have confirmed to the company in writing their intention to provide sufficient funds to enable it to continue to operate, and to meet its liabilities as they fall due, for a period of at least 12 months from the approval of the financial statements. The ultimate parent company Flow Capital SPC has demonstrated it has the ability to provide this support, and has also confirmed that it will not call the intercompany accounts during this time, if it would result in the company being unable to meet its liabilities as they fall due.

Therefore, the directors have determined the company has sufficient resources to continue the operation for a period of at least twelve months from the date of signing these financial statements. Accordingly, the directors believe that it is appropriate that these financial statements are prepared on a going concern basis.

#### Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

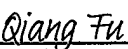
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
Qiang Fu (Jul 25, 2023 13:10 GMT+8)

Qiang Fu  
Director

Date: 25/07/2023

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF VAUXHALL SQUARE (NOMINEE 1) LIMITED

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#### Opinion

We have audited the financial statements of Vauxhall Square (Nominee 1) Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF VAUXHALL SQUARE (NOMINEE 1) LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **VAUXHALL SQUARE (NOMINEE 1) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF VAUXHALL SQUARE (NOMINEE 1) LIMITED**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the property development sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal expenses; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

#### **Audit response to the risks identified**

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing the company's legal expenses.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **VAUXHALL SQUARE (NOMINEE 1) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF VAUXHALL SQUARE (NOMINEE 1) LIMITED**

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#### **Use of our report**

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member, those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

*Nicholas Nicolaou*

**Nicholas Nicolaou FCCA (Senior Statutory Auditor)  
For and on behalf of Alliotts LLP**

Date: 27/07/2023

**Chartered Accountants  
Statutory Auditor**

Manfield House  
1 Southampton Street  
London  
WC2R 0LR

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Administrative expenses		(111,740)	(32,300)
Other operating income		-	(3,000)
<b>Operating loss</b>	<b>3</b>	<b>(111,740)</b>	<b>(35,300)</b>
Interest payable to group undertakings	<b>5</b>	(2,972,989)	(10,656,574)
Other interest payable and similar expenses	<b>5</b>	(3,946,364)	(5,642,698)
<b>Loss before taxation</b>		<b>(7,031,093)</b>	<b>(16,334,572)</b>
Tax on loss	<b>6</b>	-	-
<b>Loss and total comprehensive income for the financial year</b>		<b>(7,031,093)</b>	<b>(16,334,572)</b>

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Current assets</b>					
Stocks	7	182,695,752		181,198,219	
Debtors	8	79,812		45,254	
Cash at bank and in hand		26,471		825,590	
		<u>182,802,035</u>		<u>182,069,063</u>	
<b>Creditors: amounts falling due within one year</b>	9	(228,089,061)		(205,044,154)	
<b>Net current liabilities</b>		<u>(45,287,026)</u>		<u>(22,975,091)</u>	
<b>Creditors: amounts falling due after more than one year</b>	9		-	(19,794,051)	
<b>Net liabilities</b>		<u>(45,287,026)</u>		<u>(42,769,142)</u>	
<b>Capital and reserves</b>					
Called up share capital	12		2		1
Share premium account	13	4,513,208		-	
Profit and loss reserves		(49,800,236)		(42,769,143)	
<b>Total equity</b>		<u>(45,287,026)</u>		<u>(42,769,142)</u>	

The financial statements were approved by the board of directors and authorised for issue on 25/07/2023 and are signed on its behalf by:

Qiang Fu  
Qiang Fu (Jul 25, 2023 13:10 GMT+8)

Qiang Fu  
Director

Company registration number 10607349

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>		1	-	(26,434,571)	(26,434,570)
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year		-	-	(16,334,572)	(16,334,572)
<b>Balance at 31 December 2021</b>		1	-	(42,769,143)	(42,769,142)
<b>Year ended 31 December 2022:</b>					
Loss and total comprehensive income for the year		-	-	(7,031,093)	(7,031,093)
Transactions with owners in their capacity as owners:					
Issue of share capital	12	1	4,513,208	-	4,513,209
<b>Balance at 31 December 2022</b>		2	4,513,208	(49,800,236)	(45,287,026)

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Vauxhall Square (Nominee 1) Limited ("the company") is a private company, limited by shares, and is incorporated and domiciled in England, United Kingdom. The address of the registered office is 14 Carnation Way, London, England, United Kingdom, SW8 5GZ.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **1.1 Accounting convention**

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by Financial Reporting Council. The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements of the company do not comply with the requirements of UK-adopted IFRS and shall not therefore contain the unreserved statement of compliance required by paragraph 16 of IAS 1 'Presentation of financial statements'.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment.
  - The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third balance sheet);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

#### 1.2 Going concern

The directors of the company have prepared the financial statements on a going concern basis, which assumes the company will be able to meet its future obligations as they fall due, and the company will settle all payments within the agreed terms. The directors have assessed the company's debt and cash positions, including the company's ability to meet its day to day working capital requirements.

The company's operations are currently largely funded by continuous support from the ultimate parent company Flow Capital SPC. The ultimate parent company Flow Capital SPC have confirmed to the company in writing their intention to provide sufficient funds to enable it to continue to operate, and to meet its liabilities as they fall due, for a period of at least 12 months from the approval of the financial statements. The ultimate parent company Flow Capital SPC has demonstrated it has the ability to provide this support, and has also confirmed that it will not call in the intercompany accounts during this time, if it would result in the company being unable to meet its liabilities as they fall due.

Therefore, the directors have determined the company has sufficient resources to continue the operation for a period of at least twelve months from the date of signing these financial statements. Accordingly, the directors believe that it is appropriate that these financial statements are prepared on a going concern basis.



# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.3 Stocks

Inventories are stated at the lower of cost and net realisable value. Cost, in relation to work in progress and show homes, comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the stock to their present location and condition. Borrowing costs and professional fees incurred to prepare the asset for its intended use and sale are capitalised. All costs are only capitalised to the extent that they are recoverable. Where costs incurred are not considered to be recoverable then these are expensed within the income statement. Net realisable value represents the estimated selling price net of expected sales discounts less all estimated costs of completion including overheads and interest.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. Provision is made for any irrecoverable amounts. The company has used a "residual income" approach to assess realisable value.

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.4 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.5 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

The following financial assets are classified at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost (see notes (a) and (b) above),
- Equity investments that are held for trading, and
- Equity investments for which has not elected to recognise fair value gains and losses through Other Comprehensive Income (OCI).

##### **Financial assets held at amortised cost**

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are Solely Payments of Principal and Interest (SPPI).

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are Solely Payments of Principal and Interest (SPPI) and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

The company's financial assets include cash at bank and in hand, amounts owed by group undertakings and trade debtors. The company classifies all its financial assets at amortised cost as those assets are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest. The company does not factor debt.

##### **Subsequent measurement**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. However, as the company classifies all its financial assets at amortised cost, they are all measured at amortised cost.

Interest income from these financial assets is included in Finance income using the effective interest method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in cost of sales together with foreign exchange gains and losses. Impairment losses would be presented as a separate line item in the profit and loss account if material.

##### **Impairment of financial assets**

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date. The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

##### **Derecognition of financial assets**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### *Trade debtors and amounts owed by group undertakings*

Trade debtors and amounts owed by group undertakings are amounts due from customers and fellow group undertakings for goods sold performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and amounts owed by group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade debtors and amounts owed by group undertakings.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### 1.6 Financial liabilities

The company's financial liabilities include bank loans, trade creditors, amounts owed to group undertakings (loans and other) and accruals and deferred income. The company classifies all of its financial liabilities as liabilities at amortised cost.

##### *Initial recognition and measurement*

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs.

##### *Subsequent measurement*

Financial liabilities are measured at amortised cost, unless a standard requires them to be measured at fair value through profit or loss, or the company has opted to measure a liability at fair value through profit or loss.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### *Trade creditors, amounts owed to group undertakings — other*

Trade creditors and amounts owed to group undertakings — other are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers customers and fellow group undertakings. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### *Bank loans, amounts owed to group undertakings — loans*

Loans are recognised initially at fair value, net of any transaction costs incurred. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

#### **Impairment of financial assets**

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. The company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade debtors and amounts owed by group undertakings have been grouped based on shared credit risk characteristics and the days past due.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Finance costs**

Other than specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale, finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. Where margin levels on construction contracts are estimated to be at minimal levels then the level of finance costs capitalised into inventory is restricted.

#### **Interest income**

Interest income is recognised in the income statement using the effective interest method.

### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.9 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

#### 1.10 Foreign exchange

##### *Functional and presentation currency*

The company's functional and presentational currency is Sterling Pound.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'interest receivable and similar income' 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Critical accounting estimates and judgements

Management considers the key estimates and judgements made in the financial statements to be related to:

*Valuation of work in progress and land be/d for development (estimate)*

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated cost to construct, related interest and related selling costs. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site and estimates of anticipated revenue are required to enable a development profit to be determined. Management are required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required.

Management engaged independent, qualified and well recognised valuers to undertake the valuation of the development project as at 31 December 2022 in accordance with the RICS Valuation - Professional Standards (2022), known as the "RICS Red Book". The assessment of the net realisable value as at 31 December 2022 shows that the inventory balance is supportable based on management's estimate of both gross development value of the site, and estimated cost to construct, future interest costs and likely selling costs after taking guidance from third party advisors. However, the assessment, using a "residual income" valuation basis is very sensitive to a number of particular assumptions that if they were to be subject to even minor adjustments could result in a material write down of inventory.

The key assumptions, which drive the expected future cashflows to arise from the development, do not include the impact of Covid-19 which is considered to have immaterial impact to the development progress, and the level of uncertainty around the impact on costs, timing and sales prices cannot yet be fully assessed. The assumptions and sensitivities below reflect the position at 31 December 2022 and indicate the impact of sensitivities:

- **Sales Proceeds:** Sales proceeds are based on management's best estimate of the sales prices for the residential units, commercial units and the hotel. Prices have been based on comparable properties and developments based on price per square foot, commercial rental yields and hotel room rates as well as occupancy rates, however do show a premium based on the expected specification and where applicable high demands for commercial units and hotels in the prime location. Limited market data currently exists to fully establish and benchmark these price points. Failure to achieve the target prices, or a requirement to offer discounts to sell or let the units, would be likely to result in an impairment. For a 5% decrease of the target sales price, this would result in a reduction of profit by £63.3 million but no impairment to the year end inventory value would be needed in this event.
- **Construction Costs and completion of development:** The forecast construction costs are based on estimates approved by management and the company's independent surveyor. These are based on expected future costs based on the current design plan and expected contractor and subcontractor costs. However, if the project was to experience delays and not be able to be completed in 2024 as forecast then this would result in increases in these costs and therefore a level of write down to inventory would be required. For a 5% increase of construction costs including related professional above current budgets, which could not be recovered through increased sales prices, this would result in a reduction of profit by £28.5m million but no impairment to the year end inventory value would be needed in this event.
- **When costs are not considered to be recoverable then they are also expensed directly in the income statement, as is the case in 2022 for borrowing costs.**

#### 3 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	52,100	50,100

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022 Number	2021 Number
2	2

### 5 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	1,702,240	4,564,094
Interest payable to group undertakings	2,972,989	10,656,574
Interest on overdue taxation	-	4,725
	<u>4,675,229</u>	<u>15,225,393</u>
<b>Other finance costs:</b>		
Exchange differences on financing transactions	2,243,527	856,442
Other loan related professional fees	-	216,461
Bank charges	597	976
	<u>6,919,353</u>	<u>16,299,272</u>
<b>Total finance costs</b>		

### 6 Taxation

	2022 £	2021 £
The charge for the year can be reconciled to the loss per the profit and loss account as follows:		
	2022 £	2021 £
Loss before taxation	(7,031,093)	(16,334,572)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(1,335,908)	(3,103,569)
Unrecognised deferred tax on tax loss	1,335,908	3,103,569
<b>Taxation charge for the year</b>	<u>-</u>	<u>-</u>

At 31 December 2022, losses carried forward in respect of trade amount to £3,536,309 (2021: £2,102,173). There is an unrecognised deferred tax asset in respect of these losses of £884,077 (2021: £525,543), using a corporation tax rate of 25% (2021: 25%). Losses carried forward in respect of non-trade loan relationships amount to £2,071,174 (2021: £1,075,083). The unrecognised deferred tax assets in respect of these losses is £517,793 (2021: £268,771), using a corporation tax rate of 25% (2021: 25%).

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Stocks

	2022 £	2021 £
Development land and work in progress	182,695,752	181,198,219

Prior to 5 October 2022, the inventories were pledged as security for the bank loan (note 10). Subsequent to 5 October 2022, £nil inventories are pledged as security.

The directors consider all inventories to be essentially current in nature, although the company's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised, as this is subject to a number of issues including consumer demand and planning permission delays.

At 31 December 2022, the directors performed a full review of development land and work in progress for the Vauxhall Square development project by reference to a valuation performed by external valuation professionals for assessment of gross development value (GDV) and costs as at 31 December 2022. Based on the directors' assessment of the current market conditions, estimated selling prices and estimated cost to complete, the directors concluded that no impairment was required.

#### 8 Debtors

	2022 £	2021 £
Amounts owed by fellow group undertakings	1,800	1,800
Other debtors	50,485	17,227
Prepayments and accrued income	27,527	26,227
	79,812	45,254

All amounts owed by group undertakings are non-interest bearing and payable on demand.

#### 9 Creditors

	Notes	Due within one year		Due after one year	
		2022 £	2021 £	2022 £	2021 £
Loans and overdrafts	10	227,795,202	193,666,748	-	19,794,051
Creditors	11	293,859	11,377,406	-	-
		228,089,061	205,044,154	-	19,794,051

All amounts are held at amortised cost.



# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10 Loans and overdrafts

	Due within one year		Due after one year	
	2022	2021	2022	2021
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Bank loans	-	60,553,435	-	-
Loans from parent undertaking	227,795,202	133,113,313	-	19,794,051

In accordance with the agreement reached with China Citic Bank in January 2021 when the loan facility was further renewed for later maturity dates under the same interest terms (ie., interest bearing at HIBOR plus a margin of 4.25% and paid quarterly, an amount equivalent to HKD 67,000,000 as repaid in October 2021. The remaining loan amount was repaid in full on 5 October 2022. Such subsequent full repayment was funded by a new shareholder loan, which is non-interest bearing and payable on demand by Flow Capital SPC via the immediate parent company R&F Properties VS (UK) Co., Ltd.

All loans from parent undertaking are owed to the immediate parent company R&F Properties VS (UK) Co., Ltd. Up to 4 April 2022, the terms of the loan were that of an unsecured 7 year facility repayable on 1 January 2027, but early repayment of the principal amount could be required upon an election or demand issued by the lender, hence the principal element was classified as a current liability. The facility charged interest at a rate of 9% per annum to be paid 12 months after the Vauxhall Square project became cash flow positive annually for subsequent periods, hence the accrued interest element was classified as a non-current liability.

Following the acquisition of the entire issued share capital and shareholder loans of the company's immediate parent company R&F Properties VS (UK) Co., Ltd. by Next Talent Developments Ltd on 4 April 2022, all amounts owed to the immediate parent company including the interest accrued changed to new terms as non-interest bearing and payable on demand. On 1 June 2022, £4,513,209 of the amounts owed to the immediate parent company was converted into the company's equity (note 12 and 13).

#### 11 Creditors

	2022	2021
	£	£
Trade creditors	119,595	235,458
Amounts owed to fellow group undertakings	-	10,575,436
Amounts owed to related parties	84,264	-
Accruals and deferred income	90,000	66,698
Other creditors	-	499,814
	<u>293,859</u>	<u>11,377,406</u>

#### 12 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

Each share has full rights in the company with respect to voting, dividends and distributions.

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Share capital

(Continued)

#### Reconciliation of movements during the year:

	Ordinary shares Number
At 1 January 2022	1
Debt for equity swap	1
	<hr/>
At 31 December 2022	2
	<hr/> <hr/>

### 13 Share premium account

	2022 £	2021 £
At the beginning of the year	-	-
Debt for equity swap	4,513,208	-
	<hr/>	<hr/>
At the end of the year	4,513,208	-
	<hr/> <hr/>	<hr/> <hr/>

The share premium accounts represents the excess of the carrying amount of the loan with the parent company extinguished over the nominal value of new shares issued (note 12).

### 14 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
<b>Amounts due to related parties</b>		
Parent company	227,795,202	152,907,364
Other related parties	84,264	10,575,436
	<hr/>	<hr/>
	227,879,466	163,482,800
	<hr/> <hr/>	<hr/> <hr/>

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
<b>Amounts due from related parties</b>		
Other related parties	1,800	1,800
	<hr/> <hr/>	<hr/> <hr/>

# VAUXHALL SQUARE (NOMINEE 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 14 Related party transactions

(Continued)

#### Other information

As the company was included in the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. for the financial year ended 31 December 2022 and those financial statements are publicly available, the company has taken advantage of the relief available under FRS 101 paragraph 8(k) not requiring subsidiary undertakings to disclose transactions with entities that are fellow group companies or investees of the group qualifying as related parties.

### 15 Controlling party

The company's immediate parent is R&F Properties UK (VS), Co. Ltd. As at 1 January 2022 the company's ultimate parent undertaking and controlling party was Guangzhou R&F Properties Co., Ltd., a company incorporated in China and listed in Hong Kong. It's intermediate parent company was Big Brilliance Ltd, a company incorporated in Hong Kong.

On 4 April 2022, Big Brilliance Ltd disposed of the entire issued share capital and shareholder loans of the parent company to Next Talent Developments Ltd, a company incorporated in the British Virgin Islands, with an option to repurchase in 6 months from the completion date. Next Talent Developments Ltd became the intermediate parent company. Far East Consortium International Ltd became the ultimate parent company, a company incorporated in the Cayman Islands.

On 5 October 2022, Big Brilliance Ltd exercised the option to repurchase the shares and shareholder loans of the parent company from Next Talent Developments Ltd and subsequently sold to Flow Capital SPC, a company incorporated in the Cayman Islands. Flow Capital SPC is an open-ended investment fund and it became the ultimate parent company after the sale. Flow Capital SPC is managed by FC Investment (BVI) Limited, a company incorporated in the British Virgin Islands. No investor in Flow Capital SPC owns more than 20% of the fund and consequently there is no single ultimate controlling party.

Big Brilliance Ltd retains a call option to repurchase the entire share capital of the parent company and reassign the shareholder loans of the parent company to itself. The option is exercisable up to 5 June 2023. Flow Capital SPC retains a put option to require Big Brilliance Ltd to repurchase the entire share capital of the parent company and reassign the shareholder loans of the parent company to Big Brilliance Ltd. The option is exercisable up to 5 October 2023.

Guangzhou R&F Properties Co., Ltd. is the largest group of undertakings for which group financial statements are drawn up, by virtue of its deemed control given the option it holds over the parent company. R&F Properties (HK) Company Limited, an intermediate parent company, is the smallest group of undertakings for which group financial statements are drawn up. Copies of the consolidated financial statements of Guangzhou R&F Properties Co., Ltd can be obtained from: 45-54/F, R&F Center, No. 10 Hua Xia Road, Guangzhou 510623.