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GOLD-FINANCE HOLDINGS LIMITED

金誠控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

ISSUE OF CONVERTIBLE BOND

On 1 June 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of US\$7.33 million (equivalent to approximately HK\$56.81 million), which entitle the holder thereof to subscribe for 37,871,666 Shares at the initial Conversion Price of HK\$1.50 per Conversion Share (subject to adjustments).

The gross proceeds from the issue of the Convertible Bonds will be approximately HK\$56.81 million. The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with such issue, will be approximately HK\$56.60 million. The Company intends to apply the net proceeds from the issue of Convertible Bonds to finance the Investment. The net price per Conversion Share to be issued is approximately HK\$1.49.

The Conversion Shares will be issued by the Company pursuant to the Subscription Agreement under the General Mandate granted to the Directors at the annual general meeting held on 19 September 2016. Under the General Mandate, the Company is authorised to issue up to 80,000,000 new Shares until the revocation, variation or expiration of the General Mandate. At the extraordinary general meeting of the Company held on 20 December 2016, a resolution of the Shareholders in relation to the Share Subdivision was passed and the Share Subdivision became effective on 21 December 2016. As a result of the Share Subdivision, the maximum number of new Shares which the Directors may allot, issue and otherwise deal with under the General Mandate increased from 80,000,000 new Shares to 800,000,000 new Shares pursuant to Note 3 to Rule 13.36(2)(b) of the Listing Rules.

As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the Subscription Agreement and the issue of the Conversion Shares under the General Mandate are not subject to the Shareholders' approval.

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Completion of the issue and the subscription of the Convertible Bonds is subject to fulfilment, and/or waiver, of certain conditions precedent stated in the Subscription Agreement. As the issue and subscription of the Convertible Bonds may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 7 April 2017 in relation to the entering into of a non-legally binding memorandum of understanding by the Company and the Subscriber pertaining to the proposed issue of the Convertible Bonds (the “MOU”).

On 1 June 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of US\$7.33 million (equivalent to approximately HK\$56.81 million), which entitle the holder thereof to subscribe for 37,871,666 Shares at the initial Conversion Price of HK\$1.50 per Conversion Share (subject to adjustments). The terms of the Subscription Agreement substantially follow the indicative terms in the MOU save for the principal amount and interest rate of the Convertible Bonds.

THE SUBSCRIPTION AGREEMENT

On 1 June 2017, the Company entered into the Subscription Agreement with the Subscriber.

Subscription Agreement

Date: 1 June 2017 (after trading hours)

Issuer: the Company

Subscriber: Lion Trust (Singapore) Limited

Principal amount: US\$7.33 million (equivalent to approximately HK\$56.81 million)

Information about the Subscriber

According to the information provided by the Subscriber, the Subscriber is an investment holding company established in Singapore. To the best of the Directors' knowledge, information and belief having made reasonable enquiries:

- (i) as at the date of this announcement, the Subscriber does not hold any Shares, and assuming (i) there is no further allotment and issue or repurchase of the Shares; and (ii) there is full conversion of the Convertible Bonds at the initial Conversion Price of HK\$1.50 per Conversion Share, the Convertible Bonds will be convertible into 37,871,666 Conversion Shares, representing approximately 0.95% of the issued share capital of the Company as at the date hereof, and approximately 0.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares;
- (ii) as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties; and

- (iii) before entering into of the Subscription Agreement, except as disclosed above, neither the Subscriber nor its associates have any other interests in the Shares or any business dealings with the Group.

Conditions Precedent

Completion of the Subscription Agreement shall be subject to and conditional upon the fulfillment (and/or waiver) of the following conditions precedent:

- (i) the grant of approval by the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares (based on the initial Conversion Price of HK\$1.50 per Conversion Share) which may only be subject to conditions as customarily stipulated by the Stock Exchange for listing of shares and such approval not having been revoked;
- (ii) the representations, warranties and undertakings of each of the Company and the Subscriber under the Subscription Agreement having remained true, accurate and not misleading in all material respects at all times between the date of the Subscription Agreement and the Completion Date;
- (iii) all consents and approvals in relation to the issue of the Convertible Bonds and the performance of the Company's obligations under the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Instrument having been duly executed by the Company;
- (v) no material adverse change or prospective material adverse change in the Group's business, financial position, general affairs or operations has occurred since the date of the Subscription Agreement; and
- (vi) all regulatory requirements (including but not limited to the Listing Rules and all relevant regulatory requirements in Hong Kong) in relation to the transactions contemplated under the Subscription Agreement having been complied with and satisfied.

The Subscriber may at any time waive in writing the conditions precedent specified in items (ii) (in respect of the representations, warranties and undertakings of the Company) and (v) above and such waiver may be made subject to such terms and conditions as may be determined by the Subscriber. The Company may at any time waive in writing the condition precedent specified in item (ii) above (in respect of the representations, warranties and undertakings of the Subscriber) and such waiver may be made subject to such terms and conditions as may be determined by the Company. Save for items (ii) and (v), no other conditions precedent may be waived.

If the conditions precedent of the Subscription Agreement are not fulfilled (and/or waived) on or before the Long Stop Date (or such later date as the Company and the Subscriber may agree in writing) and Completion has not taken place by then, the Subscription Agreement shall lapse, whereupon all rights and obligations of the parties to the Subscription Agreement shall cease to have any effect except in respect of any accrued rights and obligations of the parties thereto and shall be without prejudice to the continued application of certain clauses of the Subscription Agreement in relation to, among others, confidentiality and announcement, notices, costs and expenses and governing law and jurisdiction.

Completion Date

Completion of the Subscription Agreement shall take place on the third Business Day after all the conditions precedent of the Subscription Agreement have been fulfilled (and/or waived), or such other date as the Company and the Subscriber may agree in writing. The Company shall issue the Convertible Bonds in its principal amount to the Subscriber on the Completion Date.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Details of the principal terms of the Convertible Bonds are set out as follows:

Issuer: The Company

Subscriber: Lion Trust (Singapore) Limited

Interest: 6.00 per cent per annum, payable semi-annually in arrears in the six month after the Bonds Issue Date and in every six month thereafter to and including the Bond Maturity Date. Interest shall accrue daily and be calculated on the basis of 365 days per year by reference to the actual number of days in the period to which the calculation relates.

Subject to the event of default (as defined in the Instrument) having been confirmed by the majority of the Bondholder(s), the Company shall pay a default interest of 1.00% per day calculated on a compounded basis with effect from the occurrence of such event of default and ending on the date on which such event of default is remedied (if capable of being remedied) or the redemption is made by the Company.

Maturity Date: the date ending on 24 months from the Bond Issue Date.

Conversion Price: The Conversion Price shall be HK\$1.50 per Conversion Share, subject to adjustment provisions as summarised below. The Conversion Price represents:

- (i) a premium of approximately 26.05% to the closing price per Share of approximately HK\$1.19 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.79% to the average closing price per Share of approximately HK\$1.202 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 19.71% to the average closing price per Share of approximately HK\$1.253 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined based on arm's length negotiations between the Company and the Subscriber with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange.

Conversion Period: From the date after one year of the Bond Issue Date and ending on ten Business days immediately preceding the Bond Maturity Date.

Conversion Shares: The Conversion Shares will be issued by the Company pursuant to the Subscription Agreement under the General Mandate granted to the Directors at the annual general meeting held on 19 September 2016. Under the General Mandate, the Company is authorised to issue up to 80,000,000 new Shares until the revocation, variation or expiration of the General Mandate.

At the extraordinary general meeting of the Company held on 20 December 2016, a resolution of the Shareholders in relation to the Share Subdivision was passed and the Share Subdivision became effective on 21 December 2016. As a result of the Share Subdivision, the maximum number of new Shares which the Directors may allot, issue and otherwise deal with under the General Mandate increased from 80,000,000 new Shares to 800,000,000 new Shares pursuant to Note 3 to Rule 13.36(2)(b) of the Listing Rules.

As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the Subscription Agreement and the issue of the Conversion Shares under the General Mandate are not subject to the Shareholders' approval.

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Redemption: Unless previously redeemed, converted or purchased and cancelled in accordance with the terms and conditions of the Convertible Bonds, the Company undertakes to redeem the relevant outstanding principal amount plus accrued and unpaid interest thereon on the occurrence of:

- (a) a relevant event (as specified in the Instrument), the Bondholder(s) may by written notice require the Company to redeem the outstanding Convertible Bonds, in whole but not in part, at 100% of their principal amount plus accrued but unpaid interest on such outstanding Convertible Bonds within 30 calendar days after the issue of the written notice; and
- (b) an event of default (subject to the written confirmation by the majority of the Bondholder(s) that an event of default has occurred), the Company may be required to redeem the outstanding Convertible Bonds at their principal amount plus any accrued but unpaid interests thereon within 30 calendar days after the issue of the written notice.

Early Redemption:	<p>The Company has the option to redeem:</p> <ul style="list-style-type: none"> (a) at any time after the Bond Issue Date but prior to the Bond Maturity Date, the Convertible Bonds in whole (but not in part) at a redemption price equal to 100% of their outstanding principal amount plus accrued and unpaid interest thereon by giving written notice to the Bondholder(s) provided that prior to the date of such written notice, at least 75% of the principal amount of the Convertible Bonds originally issued has already been converted, redeemed, purchased or cancelled; (b) at any time after the Bond Issue Date but prior to the Bond Maturity Date, the Convertible Bonds in whole (but not in part) at a redemption price equal to 100% of their outstanding principal amount plus accrued and unpaid interest thereon by giving written notice to the Bondholder(s) if the Company has or will become obliged to pay additional tax amounts as provided in the Instrument and such obligation to pay cannot be avoided by the Company taking reasonable measures available to it; and (c) on or at any time after six months from the Bonds Issue Date but prior to the Bond Maturity Date, the Convertible Bonds in whole or in part at a redemption price equal to 100% of their outstanding principal amount plus accrued and unpaid interest thereon by giving written notice to the Bondholder(s).
Ranking:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured general obligations of the Company and shall at all times rank <i>pari passu</i> and without preference among themselves and at least equally with all other present and future unsubordinated and unsecured obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
Transferability:	No Convertible Bond may be transferred to any person who is a connected person (as defined under the Listing Rules) of the Company unless with: (i) full compliance with the Listing Rules; (ii) full compliance with the requirements (if any) that the Stock Exchange may impose from time to time; and (iii) the consent of the Stock Exchange (if applicable) and the Company.
Voting Rights:	The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at any general meetings of the Company by reason of them only being holder(s) of the Convertible Bonds.
Listing	The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

Anti-dilution
Adjustments

The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (a) capitalisation issue, sub-division, consolidation or re-classification of the Shares;
- (b) issue of any Shares in lieu of the whole or any part of a specifically declared cash dividend and the current market price (as defined in the Instrument) per Share on the last trading day preceding the date of issue exceeds 105% of the relevant cash dividend;
- (c) capital distribution or cash dividends to holders of Shares;
- (d) offer to the Shareholders new Shares for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares, in each case at a price per Share which is less than 80% of the current market price per Share for such new Shares on the date of the announcement of the terms of the offer or grant;
- (e) issue wholly for cash (other than as mentioned in item (d) above) any securities (other than securities issued pursuant to any share option scheme) which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the consideration per Share for such convertible or exchangeable securities is less than 80% of the current market price per Share on the date of the announcement of the terms of issue of such convertible or exchangeable securities;
- (f) issue of any Shares for cash at a price per Share which is less than 80% of the current market price per Share on the date of the announcement of the terms of issue of such Shares;
- (g) for the purpose of acquisition of assets, (i) issue of any Shares at a consideration per Share which is less than 80% of the current market price per Share on the date of the announcement of the terms of issue of such Shares; or (ii) issue of any convertible or exchangeable securities which by their terms of issue carry any rights of conversion into, or exchange or subscription for Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share less than 80% of the current market price per Share on the date of the announcement of the terms of issue of such securities; and
- (h) any existing and/or future rights of conversion, purchase or subscription granted by the Company attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into, or which carry rights to subscribe for or purchase Shares, are modified.

Events of Default	On the occurrence of certain events of default as specified in the Instrument and subject to the written confirmation by the majority of the Bondholder(s) of the occurrence of the event(s) of default, the Bondholder(s) shall be entitled to demand the Company to redeem the outstanding Convertible Bonds at their principal amount plus any accrued but unpaid interests thereon in accordance with the Instrument.
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REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in the provision of building services in Hong Kong as a subcontractor. As stated in the announcements of the Company dated 16 October 2016, 18 October 2016 and 11 January 2017 and the circular of the Company dated 18 November 2016, the Group is expanding its business portfolio into the areas of investment and asset management.

The Subscriber's interest in making an investment in the Group through the subscription of the Convertible Bonds at a premium of 24.79% and 19.71% over the average closing price for the last five and ten consecutive trading days up to and including the Last Trading Day respectively reflects its confidence in the Group's business, growth potential and future development. The Directors (including the independent non-executive Directors) are of the view that the raising of funds by the issue of Convertible Bonds is fair and reasonable having considered the recent market conditions and represent an excellent opportunity for the Group to develop its investment and asset management business, strengthen its capital base and broaden its shareholder's base.

The Directors consider that the issue of the Convertible Bonds is an appropriate mean of raising additional capital for the Group since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the issue of the Convertible Bonds will be approximately HK\$56.81 million. The estimated net proceeds from the issue of the Convertible Bonds, after deduction of expenses payable in connection with such issue, will be approximately HK\$56.60 million. The Company intends to apply the net proceeds from the issue of Convertible Bonds to finance the Investment. The net price per Conversion Share to be issued is approximately HK\$1.49.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement and (ii) for illustration purpose only, immediately after the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds at the initial Conversion Price of HK\$1.50 per Conversion Share (on the assumption that there is no further allotment and issue or repurchase of the Shares) is as follows:

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Gold-Finance (Hong Kong) Asset Management Limited (<i>Note 1</i>)	2,200,000,000	55.00	2,200,000,000	54.48
Gold-Finance (Holdings) Group Co. Limited (<i>Note 1</i>)	800,000,000	20.00	800,000,000	19.81
Subscriber (<i>Note 2</i>)	—	—	37,871,666	0.94
Other public Shareholders	1,000,000,000	25.00	1,000,000,000	24.77
Total	4,000,000,000	100.00	4,037,871,666	100.00

Notes:

1. Mr. Wei Jie, the chairman and executive Director of the Company, holds 3,000,000,000 Shares through Gold-Finance (Hong Kong) Asset Management Limited (“**Gold-Finance HK**”) and Gold-Finance (Holdings) Group Co. Limited (“**Gold-Finance Holdings**”). Gold-Finance HK, a wholly-owned subsidiary of Zhejiang Jin Cheng Asset Management Company Limited* (“**Zhejiang Jin Cheng**”), is wholly-owned by Ningbo He Ze Run Industrial Investment Limited*, which in turn is 90% owned by Mr. Wei Jie. Gold-Finance Holdings Group is 75.85% owned by Hengyuan Holdings Group Co. Ltd, which in turn is wholly-owned by Mr. Wei Jie.
2. Assuming all the conversion rights attached to the Convertible Bonds are exercised by the Subscriber in full at the Conversion Price of HK\$1.50 per Conversion Share, the Subscriber will be interested in 37,871,666 Shares, representing approximately 0.95% of the issued share capital of the Company as at the date hereof, and approximately 0.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past 12 months immediately preceding the date of this announcement.

Completion of the issue and the subscription of the Convertible Bonds is subject to fulfilment, and/or waiver, of certain conditions precedent stated in the Subscription Agreement. As the issue and subscription of the Convertible Bonds may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Bond Issue Date”	the date on which the Convertible Bonds are issued, being the Completion Date
“Bond Maturity Date”	the date ending on 24 months from the Bond Issue Date
“Business Day(s)”	a day, other than a Saturday, Sunday, public holiday on which banks in Hong Kong are open for business
“Company”	Gold-Finance Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board
“Completion”	completion of the Subscription Agreement
“Completion Date”	the third Business Day after all the conditions precedent stated in the Subscription Agreement have been fulfilled (and/or waived)
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised
“Conversion Period”	from the date after one year of the Bond Issue Date and ending on ten Business Days immediately preceding the Bond Maturity Date
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$1.50 per Conversion Share
“Convertible Bond(s)”	the 6.00 per cent guaranteed fixed rate senior convertible bonds in the principal amount of US\$7.33 million to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Conversion Share(s)”	ordinary shares of HK\$0.001 each fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 19 September 2016 to allot, issue or deal with up to 80,000,000 new Shares

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected person(s) (as defined in the Listing Rules) of the Company and is(are) independent of and not connected with the connected persons of the Company
“Instrument”	the instrument of the Convertible Bonds setting out the major terms and conditions of the Convertible Bonds
“Investment”	the investment in 中興新城鎮產業投資私募基金 (Zhongxing New Town Industrial Investment Private Fund*) of RMB200 million, particulars of which are set in the circular of the Company dated 18 November 2016
“Last Trading Day”	31 May 2017, being the last day on which the Shares were traded on the Stock Exchange pending the release of this announcement
“Long Stop Day”	30 calendar days from the date of the Subscription Agreement
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Subdivision”	the subdivision of each of the then existing issued and unissued Shares into ten Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Lion Trust (Singapore) Limited, an investment holding company established in Singapore
“Subscription Agreement”	the conditional subscription agreement dated 1 June 2017 entered into between the Company and the Subscriber in relation to the conditional subscription of the Convertible Bonds in the principal amount of US\$7.33 million
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Gold-Finance Holdings Limited
WEI Jie
Chairman and Chief Executive Officer

Hong Kong, 1 June 2017

At the date of this announcement, the Board comprises Mr. Wei Jie, Ms. Xu Li Yun and Mr. Wong Kam Ting as executive Directors; and Mr. Niu Zhongjie, Mr. Cheung Ying Kwan and Mr. Chen Zhao as independent non-executive Directors.

** For identification purposes only*

In this announcement, amounts denominated in US dollars have been translated for the purpose of illustration only, into Hong Kong dollars at the rates of US\$1 into HK\$7.75.