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GOLD-FINANCE HOLDINGS LIMITED

金誠控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1462)

POSSIBLE MAJOR TRANSACTION IN RELATION TO POTENTIAL ACQUISITION OF LAND USE RIGHTS OF THE LAND

POTENTIAL ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 27 October 2017, Yueyang Baoming, an indirect wholly-owned subsidiary of the Company, has submitted a bid for the land use rights of the Land in the Auction held by the Vendor and has paid the refundable Deposit of RMB109.9 million in accordance with the requirements under the Auction. The Land is located at Yueyang City, Hunan Province, the PRC with a total net land area of approximately 138,648 sqm. The Land is designated partly for residential use and partly for commercial use with the term of 70 years for residential use and 40 years for commercial use.

Pursuant to the Auction documents, the result of the Auction will be available after the close of the Auction. If Yueyang Baoming's bidding is successful, the Potential Acquisition will constitute a major transaction.

FINANCIAL ASSISTANCE

The Board further announces that on 29 September 2017, the Lender entered into a loan agreement with the Borrower to provide the unsecured Loan to the Borrower in the amount of RMB110 million for a duration of three years.

LISTING RULE IMPLICATIONS

As one or more of the applicable ratios (as defined in the Listing Rules) in relation to the Potential Acquisition exceed 25% but less than 100%, the Potential Acquisition, if successful, constitutes a major transaction for the Company and is subject to the announcement, reporting, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, a closely allied group of Shareholders comprising of Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited (both of which are under the control of Mr. Wei Jie, an executive Director and a controlling Shareholder), are interested in 2,200,000,000 Shares and 800,000,000 Shares, respectively, representing in aggregate 75% of the issued share capital of the Company. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Potential Acquisition; and (ii) a written Shareholders' approval has been obtained from Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited in respect of the Potential Acquisition, no physical general meeting of the Company will be convened to approve the Potential Acquisition pursuant to Rule 14.44 of the Listing Rules.

The Board wishes to emphasise that the Potential Acquisition may or may not proceed as the bid submitted by Yueyang Baoming may or may not be successful. If the Potential Acquisition is materialised, it will constitute a major transaction on the part of the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Potential Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

POTENTIAL ACQUISITION OF LAND USE RIGHTS

Reference is made to the announcement of the Company of 3 October 2017 in relation to the Potential Acquisition.

The Board is pleased to announce that on 27 October 2017, Yueyang Baoming, an indirect wholly-owned subsidiary of the Company, has submitted a bid for the land use rights of the Land in the Auction held by the Vendor and has paid the refundable Deposit of RMB109.9 million in accordance with the requirements under the Auction. The Land is located at Yueyang City, Hunan Province, the PRC with a total net land area of approximately 138,648 sqm. The Land is designated partly for residential use and partly for commercial use with the term of 70 years for residential use and 40 years for commercial use.

THE POTENTIAL ACQUISITION

Parties

- (1) Yueyang Baoming (as purchaser); and
- (2) the Vendor (as vendor).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a governmental department of the Yueyang City, Hunan Province, the PRC and the Vendor and its ultimate beneficial owners are third parties independent of the Company and any connected person of the Company and are not connected persons of the Company.

Consideration

According to the Auction documents, the auction price for the land use rights of the Land shall not be less than RMB157 million.

The bidding price submitted by the Company for the land use rights of the Land is no more than RMB160 million, which was determined based on the following: (i) the location and business potential of the Land as mentioned in the below section headed “Information on the Land”; and (ii) the fair value of the Land, assuming that the land use rights certificate has been granted and land premium has been fully settled, was approximately RMB160 million as at 20 October 2017 according to the draft valuation report to be issued by Royson Valuation Advisory Limited, an independent professional valuer. The consideration for the Potential Acquisition is expected to be funded by internal resources, existing bank borrowing and facilities and/or the Loan. For further details of the Loan, please refer to the below section headed “Financial Assistance from Controlling Shareholders”.

Deposit

As at the date of this announcement, Yueyang Baoming has paid the refundable Deposit of RMB109.9 million in order to qualify as a participant in the Auction, which will form part of the consideration of the Potential Acquisition if Yueyang Baoming is successful with the bidding at the Auction. If Yueyang Baoming is unsuccessful with the bidding at the Auction, the Deposit will be refunded in full to Yueyang Baoming.

Completion

The result of the Auction will be available after the closing of the Auction. The winning bidder shall complete the confirmation procedures with the Vendor within 5 business days from the date of the notification, and after verification and assessment of the qualification of the winning bidder, the Vendor will publish an acceptance notice. Within 10 business days from the date of the publication of the acceptance notice, the winning bidder shall execute the land use rights grant contract with the Vendor. Completion shall take place in accordance with the terms of the land use rights grant contract. The Company will make an announcement on the result of the Auction when it is available.

Information on the Land

The Land is located at Junshan District, Yueyang City, Hunan Province, the PRC. The Land has a net land area of approximately 138,648 sqm. The Land is surrounded by the Dongting Lake (洞庭湖) and Xiangjiang River (湘江河). It is encircled by well-known sightseeing attractions, including Junshan Island (君山島) on its west side and Yueyang Pavilion (岳陽樓) on its east side. The commute distances from the Land to Yueyang City’s central district and the local high speed rail station are both less than 20 kilometres.

Yueyang City is a historical and cultural city nestled within the Yangtze River (長江) valley, referred to as a bright pearl besides Dongting Lake. It is located in northeast Hunan Province. In 2016, the GDP of Yueyang City surpassed RMB300 billion for the first time, making it the second place in the Hunan Province. According to the statistics as published by the National Bureau of Statistics of the PRC and the People’s Government of Yueyang City, in 2016, the GDP per capita of Yueyang City was approximately RMB55,000, representing a growth of approximately 6.5% in comparison to 2015. In addition, the GDP per capita of Yueyang City is approximately 19.6% higher than the GDP per capita of the Hunan Province of approximately RMB46,000.

According to the statistics as published by the People's Government of Yueyang City, the total traveller throughput of Yueyang City was approximately 105 million in 2016. The tourism income derived from domestic tourists was approximately RMB49.9 billion in 2016, representing a growth of 50.3% in comparison to 2015. Yueyang Pavilion (岳陽樓) and Junshan Island (君山島) in Yueyang City are both known as 5A Scenic Tourist Resort Area (5A風景旅遊度假區) and National Key Scenic Spots (國家重點風景名勝), which are top tourism sites in the PRC. According to statistics published by China Tourism Academy (中國旅遊研究院), during the first half of 2017, the number of domestic tourists in the PRC increased approximately 13.5% to 2,537 million from 2,236 million during the first half of 2016. As a tourism city, Yueyang City is likely to benefit from the growth of domestic tourism in the PRC.

In light of the above, the Directors consider the Land, located at a prime location in Hunan Province, is of great potential for development of residential and commercial property.

Pursuant to the requirements of the Auction, the Group intends to erect commercial and residential properties thereon. If successful at the Auction, the Group is considering to commence development of the Land around the first quarter of 2018. The construction period of the development is expected to be approximately two to three years and the development will be in several phases.

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION

The Group is principally engaged in the provision of building services and provision of investment and asset management services. Since the second half of 2017, the Group has acquired the land use rights of several parcels of land in the PRC as it intends to expand its business portfolio in property investment and development with focuses primarily in developing unique towns in the PRC.

Having considered that (i) the Potential Acquisition is in line with the business strategies of the Group to expand the footprint of the Group's business to property investment and development and thereby able to benefit from the rapid growth of the PRC local economy; (ii) the Land located at a prime location in Hunan Province and is of great potential for development of residential and commercial property; and (iii) if successful at the Auction, the purchase price by the Group will be in line with the fair value of the Land according to the draft valuation report to be issued by Royson Valuation Advisory Limited, an independent professional valuer, the Directors consider the Potential Acquisition presents a valuable business opportunity for the Group to enhance its corporate development and property investment and development business in the PRC.

The Directors (including the independent non-executive Directors) consider the terms of the Potential Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL ASSISTANCE FROM CONTROLLING SHAREHOLDERS

On 29 September 2017, the Lender, a company indirectly owned and controlled by, among others, Mr. Wei Jie, an executive Director and a controlling Shareholder, and Ms. Xu Li Yun, an executive Director, entered into a loan agreement with an indirect wholly-owned subsidiary of the Company (the “**Borrower**”) pursuant to which the Lender agreed to provide the unsecured Loan of RMB110 million to the Borrower for a duration of three years at an interest rate of 6% per annum. Pursuant to the loan agreement, the Loan will be used by the Borrower as its working capital. The Group intends to use part of the Loan to partially finance the Potential Acquisition.

As Mr. Wei Jie is an executive Director and a controlling Shareholder and Ms. Xu Li Yun is an executive Director, the Loan will constitute a connected transaction in the form of financial assistance from the Lender in favour of the Borrower. However, as the Loan is not secured by any assets of the Group, and as the Directors (including the independent non-executive Directors) consider that the terms of the Loan are on normal commercial terms or better, the Loan is fully-exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

LISTING RULES IMPLICATION

As one or more of the applicable ratios (as defined in the Listing Rules) in relation to the Potential Acquisition exceed 25% but less than 100%, the Potential Acquisition, if successful, constitutes a major transaction for the Company and is subject to the announcement, reporting, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

GENERAL

As at the date of this announcement, a closely allied group of Shareholders comprising of Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited (both of which are under the control of Mr. Wei Jie, an executive Director and a controlling Shareholder), are interested in 2,200,000,000 Shares and 800,000,000 Shares, respectively, representing in aggregate 75% of the issued share capital of the Company. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Potential Acquisition; and (ii) a written Shareholders’ approval has been obtained from Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited in respect of the Potential Acquisition, no physical general meeting of the Company will be convened to approve the Potential Acquisition pursuant to Rule 14.44 of the Listing Rules.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Auction”	an open auction for the land use rights of the Land
“Board”	the board of Directors
“Company”	Gold-Finance Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deposit”	the initial deposit of RMB109.9 million paid by Yueyang Baoming, as a bidder, to the Vendor pursuant to the Auction requirements
“Directors”	the directors of the Company
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a land parcel with a net land area of approximately 138,648 sqm located at Yueyang City, Hunan Province, the PRC
“Lender”	Wuxi Ren Yu Tourism Development Company Limited* (無錫人魚旅遊發展有限公司), a company established in the PRC with limited liability and a company indirectly owned and controlled by, among others, Mr. Wei Jie, an executive Director and a controlling Shareholder, and Ms. Xu Li Yun, an executive Director
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the amount of RMB110 million provided by the Lender to an indirect wholly-owned subsidiary of the Company pursuant to the loan agreement entered into between the Lender and the indirect wholly-owned subsidiary of the Company on 29 September 2017
“Potential Acquisition”	the potential acquisition of the land use rights of the Land by Yueyang Baoming from the Vendor through the Auction
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Junshan District Branch of Yueyang of Land and Resources Bureau* (岳陽市國土資源局君山分局)

“Yueyang Baoming ” Yueyang Baoming Real Estate Development Co., Ltd.* (岳陽寶明置業發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“% ” per cent.

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

Hong Kong, 27 October 2017

At the date of this announcement, the board of directors of the Company 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