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GOLDIN FINANCIAL HOLDINGS LIMITED

高銀金融（集團）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

PROJECT MANAGEMENT AGREEMENT

After trading hours of the Stock Exchange on 20 December 2018, Goldin Project (an indirect wholly-owned subsidiary of the Company) and the Developer entered into the Project Management Agreement in relation to the provision of project management services for the Project with retrospective effect from 1 November 2018 until the settlement date of the final accounts in respect of the Project, which is expected to be a date not later than the end of December 2023. Management Fee in the maximum amount of HK\$49 million shall be payable by the Developer to Goldin Project in the manner as described in this announcement.

PROPERTY DEVELOPMENT CONSULTANCY AGREEMENT

On the same date, GFGC (an indirect wholly-owned subsidiary of the Company) and the Developer also entered into the Property Development Consultancy Agreement in relation to the provision of project development consultancy services with retrospective effect from 1 November 2018 until the date of settlement of the final accounts in respect of the Project, which is expected to be a date not later than the end of December 2023. Consultancy Fee in the total amount of HK\$60 million shall be payable by the Developer to GFGC in the manner as described in this announcement.

LISTING RULES IMPLICATIONS

The Developer is owned as to 16.5% by Concept Pioneer, a company indirectly wholly owned by Mr. Pan who is the Chairman of the Board, an executive Director and the controlling Shareholder as at the date of this announcement, and as to 83.5% by Rich Region. Rich Region is directly owned as to 60% by the Company and indirectly owned as to 40% by Mr. Pan respectively. Mr. Pan is therefore a connected person of the Company, the Developer is a connected subsidiary of the Company, and the Transactions constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. As one of the applicable percentage ratios under the Listing Rules in respect of the aggregate sum of the annual cap for the Management Fee and the Consultancy Fee for a particular financial year is more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but exempt from the requirement for approval by Independent Shareholders under Chapter 14A of the Listing Rules.

Furthermore, as each of the term of the Agreements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged an independent financial adviser, Gram Capital, who confirms that it is in the normal business practice for the arrangements of these types to be of such duration.

The Board is pleased to announce that after trading hours of the Stock Exchange on 20 December 2018, Goldin Project and GFGC (both are indirect wholly-owned subsidiaries of the Company) entered into the Agreements with the Developer in relation to the provision of project management services and property development consultancy services in connection with the development of the Project. Details of the Agreements are set out below.

PROJECT MANAGEMENT AGREEMENT

Date

20 December 2018

Parties

- (i) The Developer; and
- (ii) Goldin Project.

The Developer is owned as to 16.5% by Concept Pioneer, a company indirectly wholly owned by Mr. Pan who is the Chairman of the Board, an executive Director and a controlling Shareholder as at the date of this announcement, and as to 83.5% by Rich Region. Rich Region is directly owned as to 60% by the Company and indirectly owned as to 40% by Mr. Pan respectively. Mr. Pan is therefore a connected person of the Company and the Developer is a connected subsidiary of the Company under the Listing Rules. The Developer is principally engaged in property development.

Term

The Project Management Agreement is effective retrospectively from 1 November 2018 until the date of settlement of the final accounts in respect of the Project, which is expected to be a date not later than the end of December 2023.

Scope of services

Pursuant to the Project Management Agreement, Goldin Project shall provide project management services to the Developer which include the following services:

- (i) representing the Developer to liaise and agree with MTR Corporation in the development of the Project;
- (ii) making recommendations to the Developer in connection with the selections of, and the determination of the terms and conditions of the contracts to be entered into by the Developer with any member of the professional team or any works contractors;
- (iii) the overall management and co-ordination of the Project, including the preparation of programmes of works and the monitoring of progress of such programmes, with a view to procuring timely and proper completion thereof;
- (iv) preparing in a timely manner budgets of the Project for the Developer's approval;
- (v) preparing the timetable for the Project and to procure that it is being duly observed by the professional team and the works contractors;
- (vi) attending meetings with representatives of the Developer to discuss the reports and statements rendered by it to the Developer hereunder or any other business in connection with the Project;
- (vii) discussing with the representatives of the Developer matters in connection with the Project requiring the Developer's attention and considerations;
- (viii) advising on the number of employees employed by the Developer required, their duties and selection and the terms of their employment;
- (ix) supervising and liaising with the professional team, the works contractors and the employees employed by the Developer in the performance of their duties under their respective contracts;
- (x) liaising and negotiating with owners or occupiers of premises neighbouring the Land with a view to resolving disputes in connection with the Project; and
- (xi) exercising the right of approval, if any, on behalf of the Developer in respect of site supervision staff employed by the professional team for undertaking inspections of work on site.

Management Fee

In consideration of Goldin Project providing the services as described above, the Developer shall pay the Management Fee to Goldin Project in cash in the following manner:

- (i) a lump sum of HK\$29,400,000 (the “**Lump Sum Fee**”), upon signing of the Project Management Agreement; and
- (ii) a monthly fee of HK\$445,455 for the period from 1 November 2018 up to the Compliance Date, subject to a maximum sum of HK\$19,600,000.

The maximum amount of Management Fee of HK\$49 million represents approximately 1.1% of the Estimated Development Costs and was determined after arm’s length negotiations between the parties to the Project Management Agreement after taking into consideration, among other things, (i) the scope of the project management services to be provided by Goldin Project under the Project Management Agreement; (ii) the Estimated Development Costs and the expected timetable for the Project; and (iii) the market price with respect to the provision of similar services.

Termination

The Project Management Agreement may be terminated (i) by either party giving not less than two months’ written notice to the other party provided that Goldin Project shall not give such notice after the Compliance Date; or (ii) by a party upon giving written notice to terminate the Project Management Agreement to the other party if the other party (a) shall be in breach of any of its material obligations under the Property Management Agreement which is not remediable or is remediable but the breach continues for 30 days after the giving of a remedy notice by the terminating party requiring such breach to be remedied; or (b) shall go into liquidation, winding up or bankruptcy; or (c) shall otherwise become insolvent or enter into any composition or arrangement with its creditors generally.

Annual caps

Pursuant to Rule 14A.53 of the Listing Rules, the Company has set the annual caps in relation to the Management Fee receivable by Goldin Project under the Property Management Agreement as follows:

<i>Period</i>	<i>Annual Cap HK\$ million</i>
For the financial year ending 30 June 2019	9.0
For the financial year ending 30 June 2020	13.4
For the financial year ending 30 June 2021	13.4
For the financial year ending 30 June 2022	13.4

The above annual caps are determined with reference to (i) the monthly fee of HK\$445,455; (ii) the portion of the Lump Sum Fee to be recognised as revenue of Goldin Project amounting to approximately HK\$668,182 per month throughout the term of the Property Management Agreement; and (iii) included a rounding up buffer.

PROPERTY DEVELOPMENT CONSULTANCY AGREEMENT

Date

20 December 2018

Parties

- (i) The Developer; and
- (ii) GFGC.

Term

The Property Development Consultancy Agreement is effective retrospectively from 1 November 2018 until the date of settlement of the final accounts in respect of the Project, which is expected to be a date not later than the end of December 2023.

Scope of services

Pursuant to the Property Development Consultancy Agreement, GFGC shall provide property development consultancy services to the Developer which include the following services:

- (i) making recommendations to the Developer in connection with all land matters for the development of the Project; and
- (ii) keeping the Developer informed of the development progress of the Project by submitting to the Developer progress reports on a monthly basis.

Consultancy Fee

In consideration of GFGC providing the services as described above, the Developer shall pay the Consultancy Fee to GFGC in cash in the following manner:

- (i) HK\$30,000,000 (the “**Upfront Fee**”), representing 50% the total Consultancy Fee, upon signing of the Property Development Consultancy Agreement;
- (ii) HK\$6,000,000, representing 10% of the total Consultancy Fee, upon approval of base scheme of the development of the Project;
- (iii) HK\$6,000,000, representing 10% of the total Consultancy Fee, upon approval of general building plans;

- (iv) HK\$6,000,000, representing 10% of the total Consultancy Fee, upon approval of pre-sale consent application;
- (v) HK\$6,000,000, representing 10% of the total Consultancy Fee, upon commencement of pre-sale and marketing campaign; and
- (vi) HK\$6,000,000, representing 10% of the total Consultancy Fee, upon completion of the Project and handover of developed units to the buyers.

The Consultancy Fee in the total amount of HK\$60 million was determined after arm's length negotiations between the parties to the Property Development Consultancy Agreement after taking into consideration, among other things, (i) the scope of the property development consultancy services to be provided by GFGC under the Property Development Consultancy Agreement; (ii) the expected timetable for the Project; and (iii) the quotations from independent service providers for the provision of similar services.

Termination

The Property Development Consultancy Agreement may be terminated (i) by either party giving not less than two months' written notice to the other party provided that GFGC shall not give such notice after the Compliance Date; or (ii) by a party upon giving written notice to terminate the Property Development Consultancy Agreement to the other party if the other party (a) shall be in breach of any of its material obligations under the Property Development Consultancy Agreement which is not remediable or is remediable but the breach continues for 30 days after the giving of a remedy notice by the terminating party requiring such breach to be remedied; or (b) shall go into liquidation, winding up or bankruptcy; or (c) shall otherwise become insolvent or enter into any composition or arrangement with its creditors generally.

Annual caps

Pursuant to Rule 14A.53 of the Listing Rules, the Company has set the annual caps in relation to the Consultancy Fee receivable by GFGC under the Property Development Consultancy Agreement as follows:

<i>Period</i>	<i>Annual Cap HK\$ million</i>
For the financial year ending 30 June 2019	17.5
For the financial year ending 30 June 2020	14.2
For the financial year ending 30 June 2021	14.2
For the financial year ending 30 June 2022	14.2

The above annual caps are determined with reference to (i) the portion of the Upfront Fee to be recognised as revenue of GFGC amounting to approximately HK\$681,818 per month throughout the term of the Property Development Consultancy Agreement; (ii) the expected construction progress of the Project based on the development plan of the Project which is approved by a certified architect; (iii) the revenue to be recognised by GFGC for the progress payment in accordance with the construction progress and under the applicable accounting standards; and (iv) included a rounding up buffer.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Group is principally engaged in (i) property development and investment; (ii) winery and wine related business; (iii) the provision of factoring services; and (iv) financial investments business.

As disclosed in the circular of the Company dated 27 March 2017, the Development Agreement was entered into among MTR Corporation (being the grantee of the Land which has been granted the development rights over the Land by the Hong Kong Government), the Developer, the Company and Mr. Pan (as guarantors). Pursuant to the Development Agreement, the Developer was formed to design, build and complete the development of the Project in accordance with the terms and conditions contained in the Development Agreement.

The Land is situated at the northern portion at Kowloon Inland Lot No. 11264 in Ho Man Tin, Kowloon with a total gross floor areas permitted for private residential purposes of approximately 69,000 sq. m.. The Project comprises residential complexes with around 8,000 to 10,000 private residential units expected to be completed on or before 31 December 2022. The Group possesses a team of professionals who are experienced in managing property development projects including those projects which the Group owns and developed in Hong Kong and the People's Republic of China. The Directors consider the entering into of the Agreements enables the Group to utilise its resources, expertise and capabilities to enhance the income stream of the Group. The provision of the project management services and the property development consultancy services under the Agreements are also consistent with the business and commercial objectives of the Group to becoming an active player in the property development industry in Hong Kong.

In view of the above, the Directors consider the Agreements were entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION FROM GRAM CAPITAL

Since the term of the Agreements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the Transactions require a longer period and to confirm that it is normal business practice for agreements of these types to be of such duration. For this purpose, the Company has engaged Gram Capital as the independent financial adviser.

In assessing the reasons for the duration of the Agreements to be longer than three years, Gram Capital has considered, the following factors:

(i) the benefits of the Transactions

The Transactions would be beneficial to the operation of the Group. With reference to the above, the Group possesses a team of professionals who are experienced in managing property development projects including those projects which the Group owns and developed in Hong Kong and the People's Republic of China. The entering into of the Agreements enables the Group to utilise its resources, expertise and capabilities.

(ii) the duration of the Project, which is expected to be longer than three years

The duration of the Agreements is determined with reference to the expected development period of the Project. With reference to the above, the Agreements will be effective until the settlement of the final accounts in respect of the Project, which is expected to be a date not later than the end of December 2023 (the "**Settlement Date**"). As advised by the Directors, the Settlement Date is the final date of the expected development period of the Project which covers the expected Compliance Date and the maintenance period thereafter. Gram Capital noted from the Company's announcement dated 12 January 2017 in relation to the entering into of the Development Agreement that the Developer shall procure the issuance of all occupation permits in respect of the Project, or where such occupation permits are not applicable, relevant acknowledgement issued by the Building Authority, or where such acknowledgement are not applicable, certificates certifying the completion of all parts of the Project in accordance with the conditions set out under the government grant of the lot and related development documents, on or before 31 December 2022. The Settlement Date (i.e. not later than the end of December 2023) is approximately a year beyond 31 December 2022.

In considering whether it is normal business practice for agreements of similar nature with the Agreements to have a term of such duration, Gram Capital identified property development projects of companies listed on the Stock Exchange with project duration of more than three years. As advised by the Directors, owing to the nature of the property industry, a service contract with a duration of three years or less may not be practical and commercially sensible as it may take several years to complete the piling, foundation works and buildings construction. Replacing the service provider during the course of the projects (i) would require the developer to bond with the new service providers which may not be familiar with the projects; (ii) may hinder the development progress; and (iii) would not be cost-efficient for the service providers considering their efforts put on the project. Gram Capital concurs with the Directors in this regard.

In addition, Gram Capital reviewed contract documents entered into by the Developer in relation to the provision of property development related services by independent third parties for the Project. Gram Capital noted from such documents that the services provided shall cover the entire development period of the Project and have durations exceeding three years.

Taking into account of the above, Gram Capital confirms that the duration of the Agreements, which is longer than three years, is required and it is normal business practice for the Agreements to be of such duration.

LISTING RULES IMPLICATIONS

The Developer is owned as to 16.5% by Concept Pioneer, a company indirectly wholly owned by Mr. Pan who is the Chairman of the Board, an executive Director and the controlling Shareholder as at the date of this announcement, and as to 83.5% by Rich Region. Rich Region is directly owned as to 60% by the Company and indirectly owned as to 40% by Mr. Pan respectively. Mr. Pan is therefore a connected person of the Company, the Developer is a connected subsidiary of the Company, and the Transactions also constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. As one of the applicable percentage ratios under the Listing Rules in respect of the aggregate sum of the annual cap for the Management Fee and the Consultancy Fee for a particular financial year is more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but exempt from the requirement for approval by Independent Shareholders under Chapter 14A of the Listing Rules.

Furthermore, as each of the term of the Agreements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged an independent financial adviser, Gram Capital, who confirms that it is in the normal business practice for the arrangements of these types to be of such duration.

The resolutions for the Transactions were unanimously approved by all the attending Directors (including all the independent non-executive Directors) at the meeting of the Board. Given that Mr. Pan is a connected person of the Company and has a material interest in the Agreements, Mr. Pan had abstained from voting at the meeting of the Board for approving the Transactions pursuant to the Listing Rules and the Bye-laws of the Company. None of the other Directors has material interests in the Transactions.

DEFINITIONS

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

“Agreements”	together, the Project Management Agreement and the Property Development Consultancy Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“Certificate(s) of Compliance”	the written certificate(s) to be issued by the Director of Lands of the Lands Department of HK Government certifying that the general and special conditions contained in the land grant for the Land have been complied with to his satisfaction
“Company”	Goldin Financial Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 530)
“Compliance Date”	the date of issuance of the Certificate of Compliance (the latest one if more than one Certificates of Compliance will be issued) or the date of issuance of the Consent-to-Assign (the latest one if more than one consents-to-assign will be issued), whichever is the earlier
“Concept Pioneer”	Concept Pioneer Limited, a company incorporated in the BVI with limited liability which is indirect wholly owned by Mr. Pan
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Consent(s)-to-Assign”	the consent(s) to be issued by the Director of Lands of the Lands Department of the HK Government to the Developer permitting the assignment of the developed units in the Land to the buyers thereof prior to the issuance of the relevant Certificate(s) of Compliance
“Consultancy Fee”	the consultancy fee payable by the Developer to GFGC under the Property Development Consultancy Agreement
“Developer”	Gold Brilliant Investment Limited (高銓投資有限公司), a joint venture company incorporated in Hong Kong with limited liability and which is owned as to 16.5% by Concept Pioneer and as to 83.5% by Rich Region
“Development Agreement”	the development agreement dated 12 January 2017 entered into between the Developer, MTR Corporation, Mr. Pan and the Company (as guarantors) for the development of the Land
“Director(s)”	the director(s) of the Company
“Estimated Development Costs”	the estimated costs of approximately HK\$4.5 billion for the development of the Project

“GFGC”	GFGC Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Goldin Project”	Goldin Project Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and being the independent financial adviser the Company in respect of the duration of the Agreements
“Group”	the Company and its subsidiaries
“HK Government”	the government of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	all Shareholders other than Mr. Pan and his associates
“Land”	the land parcel at the northern portion of Kowloon Inland Lot No.11264 located in Ho Man Tin, Kowloon with a total gross floor area permitted for private residential purposes of approximately 69,000 sq. m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pan”	Mr. Pan Sutong, the Chairman of the Board, an executive Director and the controlling Shareholder as at the date of this announcement
“Management Fee”	the project management service fee payable by the Developer to Goldin Project under the Project Management Agreement
“MTR Corporation”	MTR Corporation Limited
“Project”	the development of the Land to be undertaken by the Developer in accordance with the Development Agreement
“Property Development Consultancy Agreement”	the property development consultancy agreement dated 20 December 2018 entered into between GFGC and the Developer in relation to the provision of property development consultancy services by GFGC for the Project

“Project Management Agreement”	the project management agreement dated 20 December 2018 entered into between Goldin Project and the Developer in relation to the provision of project management services by Goldin Project for the Project
“Rich Region”	Rich Region Holdings Limited, an investment holding company incorporated in the BVI with limited liability and a direct non wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. m.”	square metre(s)
“%”	per cent.

By Order of the Board
Goldin Financial Holdings Limited
 高銀金融（集團）有限公司*
Pan Sutong
Chairman

Hong Kong, 20 December 2018

As at the date of this announcement, the Board comprises Mr. Pan Sutong (Chairman), Professor Huang Xiaojian and Mr. Zhou Xiaojun as the executive Directors; and Hon. Shek Lai Him Abraham (GBS, JP), Ms. Hui Wai Man, Shirley, Mr. Tang Yiu Wing and Ms. Gao Min as the independent non-executive Directors.

* *For identification purpose only*