
IMPORTANT

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

If you have sold or transferred all your shares in Goldin Financial Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**MAJOR TRANSACTION
IN RELATION TO
(1) THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF RICH FAST INTERNATIONAL LIMITED; AND
(2) PROFIT SHARING AGREEMENT**

* *For identification purposes only*

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 28 July 2020 in relation to, among other things, the Disposal and the Profit Sharing Agreement
“Agreement”	the conditional sale and purchase agreement dated 27 July 2020 (as amended and supplemented by two supplemental agreements both dated 27 July 2020) entered into among the Purchaser, the Vendor, the Company and Mr. Pan in relation to the Disposal
“Bank Loan”	the term loan facility of up to HK\$3,567 million made available to the Property Company by the Banks pursuant to a facility agreement (as amended and supplemented), and where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon
“Banks”	the banks providing the Bank Loan
“Base Date”	the date that is the earlier of (i) the completion of the sale of at least 85% of the Units; and (ii) the second anniversary after the issue date of the relevant occupation permit and the Units are ready for occupancy
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday or public holiday) on which licensed banks generally are open in Hong Kong for the transaction of general banking business
“BVI”	the British Virgin Islands
“Car Parks”	the car parking spaces on the Property
“CBRE”	CBRE Limited, an independent professional valuer
“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)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement

DEFINITIONS

“Completion Date”	the date on which Completion took place, i.e. 27 July 2020
“Controlled Companies”	Clear Jade International Limited, Goldin Equities Limited and Goldin Global Holdings Limited, all controlled corporate entities beneficially and wholly owned by Mr. Pan that held an aggregate of 4,714,821,634 Shares as at the date of the Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	25 January 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Restructuring”	the capitalisation of all loans and debts owed by the Property Company to the Group on 17 July 2020
“Mr. Pan”	Mr. Pan Sutong, the Chairman of the Board, an executive Director and the controlling shareholder of the Company
“Option Deed”	the deed of option dated 17 July 2020 executed among Agile World Limited, the Vendor, the Company and Mr. Pan in relation to the grant of the call and put options over the shares of Sino Shield Limited (the purchaser of the Prior Agreement)
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Prior Agreement”	the conditional agreement dated 17 July 2020 (as amended and supplemented by two supplemental agreements both dated 17 July 2020) entered into among the Vendor, Sino Shield Limited, the Company and Mr. Pan in relation to the sale and purchase of the entire issued share capital of the Property Company, which was cancelled and rescinded on 27 July 2020
“Profit Sharing Agreement”	the agreement dated 27 July 2020 entered into among the Vendor, the Purchaser and the Property Company in relation to the profit sharing arrangement for the future sale of the Units and Car Parks to be developed at the Property
“Property”	the piece of land parcel known as New Kowloon Inland Lot No. 6591 situated at Kai Tak Area 4B Site 4, Kai Tak, Kowloon and where the context permits or requires, includes the building and the development to be erected thereon
“Property Company”	Rich Fast International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company immediately prior to Completion
“Purchaser”	Yan You Limited, a company incorporated in the BVI with limited liability and the purchaser under the Agreement
“Sale Shares”	two ordinary shares in the capital of the Property Company, representing all the issued shares of the Property Company immediately prior to Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Charge”	the charge of one ordinary share in the capital of the Property Company by the Vendor in favour of the Banks
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Transaction Documents”	collectively, the Agreement, the Profit Sharing Agreement and any other documents executed by the Vendor, the Company or Mr. Pan pursuant to the terms of the Agreement
“Units”	the residential units to be developed and constructed on the Property
“Vendor”	Gold Flair Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square foot
“sq. m.”	square metre(s)
“%”	per cent.

LETTER FROM THE BOARD



GOLDIN FINANCIAL HOLDINGS LIMITED

高銀金融(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)

Executive Directors:

Mr. Pan Sutong, *JP (Chairman)*
Mr. Zhou Xiaojun
Mr. Huang Rui
Ms. Hui Wai Man, Shirley

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Independent non-executive Directors:

Hon. Shek Lai Him Abraham (*GBS, JP*)
Mr. Wong Wai Leung Joseph
Mr. Tang Yiu Wing
Ms. Gao Min

Principal place of business

in Hong Kong:
25/F, Goldin Financial Global Centre
17 Kai Cheung Road
Kowloon Bay
Hong Kong

29 January 2021

To the Shareholders,

Dear Sir/Madam,

**MAJOR TRANSACTION IN RELATION TO
(1) THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF RICH FAST INTERNATIONAL LIMITED; AND
(2) PROFIT SHARING AGREEMENT**

INTRODUCTION

Reference is made to the announcements of the Company dated 28 and 30 July 2020 in relation to, among other things, the Disposal and the Profit Sharing Agreement.

On 27 July 2020, the Vendor, the Purchaser, the Company (as the Vendor's guarantor) and Mr. Pan (as the Vendor's guarantor) entered into the Agreement in relation to the disposal of all the issued shares of the Property Company (i.e. the Sale Shares) by the Vendor to the Purchaser for a consideration of approximately HK\$3,477 million. The Vendor is an indirect wholly-owned subsidiary of the Company and held the Sale Shares at the time of signing of the Agreement. The principal asset of the Property Company is the Property, being the piece of land parcel situated at Kai Tak Area 4B Site 4. Completion took place on 27 July 2020 upon signing of the Agreement.

LETTER FROM THE BOARD

On 27 July 2020, the Vendor, the Purchaser and the Property Company also entered into the Profit Sharing Agreement in relation to the profit sharing arrangement for the future sale of the Units and Car Parks to be developed at the Property.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to, among other things, the circular and shareholders' approval requirements.

Mr. Pan, an executive Director and the Chairman of the Board, as well as the controlling shareholder of the Company, is one of the Vendor's guarantors to guarantee the due and punctual performance of the obligations of the Vendor under the Agreement. Since the aforesaid guarantee is provided on normal commercial terms or better to the Group and not secured by any assets of the Group, the guarantee provided by Mr. Pan to the Group constitutes a fully-exempt connected transaction under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, notwithstanding the provision of guarantee by Mr. Pan as one of the Vendor's guarantors under the Agreement which constitute a fully-exempt connected transaction, Mr. Pan is not regarded as having a material interest in the Disposal. No Shareholder has a material interest in the Disposal, and accordingly no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the resolution in respect of the Agreement and the transactions contemplated thereunder. As at the date of the Agreement, Mr. Pan personally held 239,063,000 Shares and his Controlled Companies, namely Clear Jade International Limited, Goldin Equities Limited and Goldin Global Holdings Limited, held 44,316,000 Shares, 187,213,998 Shares and 4,483,291,636 Shares respectively. The written approval from Mr. Pan and his Controlled Companies (being a closely allied group of Shareholders holding 4,953,884,634 Shares in aggregate (representing approximately 70.86% of the issued share capital of the Company as at the date of the Agreement)) has been obtained in respect of the Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Agreement and the Profit Sharing Agreement; (ii) the financial information of the Group; and (iii) the valuation report on the Property.

THE AGREEMENT

On 27 July 2020, the Vendor, the Purchaser, the Company and Mr. Pan entered into the Agreement (as amended by two supplemental agreements in relation to the fulfilment of the conditions to the Agreement and payment of the consideration), pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares. Completion took place on 27 July 2020 upon signing of the Agreement. Details of the Agreement are set out below.

LETTER FROM THE BOARD

Date

27 July 2020

Parties

- (i) Gold Flair Holdings Limited (the Vendor);
- (ii) Yan You Limited (the Purchaser);
- (iii) the Company (as the Vendor's guarantor); and
- (iv) Mr. Pan (as the Vendor's guarantor).

The Vendor is an indirect wholly-owned subsidiary of the Company and an investment holding company. Mr. Pan is an executive Director and the Chairman of the Board and is the controlling shareholder of the Company holding, directly and indirectly through his Controlled Companies, 4,953,884,634 Shares in aggregate (representing approximately 70.86% of the issued share capital of the Company as at the date of the Agreement).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding; (ii) the Purchaser is ultimately and wholly owned by Mr. Chen Zhuang Rong, who is a businessman engaging in investment activities; and (iii) the Purchaser and Mr. Chen Zhuang Rong are Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing all the issued shares of the Property Company, free from all encumbrances (save for the Share Charge) and with all rights attached to the Sale Shares including the right to receive all dividends and other distributions declared, made or paid on or after the date of the Agreement.

Consideration

Pursuant to the Agreement, the consideration for the Sale Shares is approximately HK\$3,477 million, which shall be satisfied in the follow manner:

- (i) a cash sum of approximately HK\$2,872 million, payable by the Purchaser to Agile World Limited (the holding company of Sino Shield Limited, which was in turn the purchaser under the Prior Agreement) at Completion for the purpose of termination of the Prior Agreement in relation to the disposal of the Sale Shares by the Vendor to Sino Shield Limited (details of the Prior Agreement and termination thereof were disclosed in the announcements of the Company dated 23 and 28 July 2020 respectively). The aforesaid cash sum represented the return of the cash payment paid by the Prior Purchaser under the Prior Agreement and the related costs and expenses for the cancellation of the Prior Agreement;

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- (ii) a cash sum of approximately HK\$505 million, payable by the Purchaser to the Vendor at Completion; and
- (iii) a cash sum of HK\$100 million, payable by the Purchaser to the Vendor at Completion and held in escrow at the Purchaser's solicitors, subject to deduction of an amount (if any) (the "**Deduction Amount**") equal to all outstanding indebtedness or liabilities of any kind of the Property Company as shown in the unaudited financial statements of the Property Company as at the Completion Date (other than the outstanding principal amount of the existing Bank Loan owed by the Property Company), any interests, penalties, fees, expenses, and other amounts payable in connection with any breach of the Bank Loan as of the Completion Date, and any costs involved in connection with any termination of the Property Company's construction contracts as required by the Purchaser. The cash sum of HK\$100 million (net of the Deduction Amount) shall be released and delivered to the Vendor on the date which is the later of (i) the date on which the condition (xiv) to the Agreement having been fully performed, satisfied or fulfilled and (ii) the date that is the earlier of (a) the termination of the Property Company's construction contracts as required by the Purchaser and (b) 30 September 2020.

As at the Latest Practicable Date, the consideration for the Sale Shares has been fully settled.

The consideration for the Sale Shares was determined after arm's length negotiations among the parties with reference to, among other things, (i) the unaudited net liabilities of the Property Company of approximately HK\$20 million as at 30 June 2020 based on the unaudited financial statements of the Property Company for the year ended 30 June 2020 then available, which amount included the Property at its carrying value of approximately HK\$9,287 million (the "**Property Book Value**") and the Bank Loan in the principal amount of HK\$3,563 million; (ii) the capitalisation of the shareholder's loan of approximately HK\$5,697 million in total owed by the Property Company to the Group upon completion of the Loan Restructuring on 17 July 2020; and (iii) the shortfall of approximately HK\$2,287 million from the Property Book Value arising from the preliminary valuation of the Property as at 31 March 2020 of HK\$7,000 million as appraised by CBRE based on market approach. The sum of the aforesaid amounts under (i), (ii) and (iii) of approximately HK\$3,390 million is hereafter referred to as "**Adjusted NAV**" and the consideration for the Sale Shares represents a premium of approximately HK\$87 million or 2.6% over the Adjusted NAV.

Conditions to the Agreement

Despite Completion has taken place, the parties to the Agreement are required to fulfill the following conditions post Completion, unless such conditions are waived:

- (i) the representations, warranties and undertakings given by the Vendor remaining true, accurate and complete in all material respects and not misleading in any material respect at all times between the date of the Agreement and Completion;

LETTER FROM THE BOARD

- (ii) the Vendor having provided to the Purchaser a certificate confirming the Loan Restructuring had been validly completed, supported with copies all relevant documents;
- (iii) the Vendor having fully performed and complied with its obligations, agreements and covenants under the Agreement to be performed on or before the Completion Date;
- (iv) the Vendor having delivered to the Purchaser a written confirmation from the Banks of the outstanding balance of all loans or debts and interests thereon due and owed by the Property Company to the Banks as of the Completion Date, which outstanding balance shall not be more than HK\$3,567 million;
- (v) the Vendor having delivered the completion accounts of the Property Company as at the Completion Date to the Purchaser;
- (vi) the Purchaser being satisfied, in its absolute opinion, with the results of such enquiries, investigations and due diligence reviews of the legal, business affairs, operations and financial position of the Property Company, the draft master programme for the development project on the Property, title of the Property and the development thereon by the Purchaser or any of its officers, employees, agents, professional advisers or other agents as the Purchaser in its discretion deems necessary, desirable or appropriate to undertake;
- (vii) no change, event or circumstance having occurred since the date of the Agreement and at all times up to the Completion Date which has or may have a material adverse effect on the Property Company or the Vendor;
- (viii) all necessary approvals, waiver and consents required to be obtained by the Vendor and the Group from any authority or other third party, and all relevant and applicable laws and regulations required to be complied with by the Vendor and its holding company(ies), in respect of the Transaction Documents and/or the transactions contemplated thereunder having been obtained or complied with (as the case may be) unconditionally and irrevocably, or where such approval or consent is given subject to conditions, on such conditions as are acceptable to the Purchaser;
- (ix) the Property Company having obtained all required approvals, consents, waivers, permissions, or exemptions from the relevant authorities and third party (including but not limited to the consents from the Banks in accordance with the security documents in relation to the Bank Loan) in connection with the execution and performance of the Transaction Documents and the transactions contemplated thereunder and the operation of the business of the Property Company, and such approvals, consents, waivers, permissions or exemptions remaining in full force and effect as of Completion;

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- (x) the Purchaser being satisfied, in its absolute opinion (acting reasonably), that the conditional agreement dated 10 May 2020 entered into among Golden Sphere Developments Limited (an indirect wholly-owned subsidiary of the Company) and Top Family Group Limited in relation to the sale and purchase of the entire issued share capital of and shareholder's loan owed by Gold Flair Holdings Limited (i.e. the Vendor) had been duly and validly terminated in accordance with applicable laws and regulations (including but not limited to the Listing Rules) and ceased to have any effect and that there is and will be no obligation on the part of the Property Company, the Vendor or the Purchaser in relation thereto;
- (xi) the Vendor having proved good title to the Property in accordance with Section 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (xii) the Property Company's construction contracts required by the Purchaser to be terminated have been terminated;
- (xiii) the Property Company (or any other person designated by the Purchaser) (a) having secured a new bank loan with a principal amount of not less than HK\$2,800 million for the purpose of repaying part of the outstanding principal amount of the Bank Loan (the "**New Bank Loan**") on terms and conditions to the Purchaser's satisfaction; or (b) the Property Company having renewed the maturity date of the Bank Loan (the "**Renewed Bank Loan**") to a date which is equal to or no less than three years from the date of the Agreement at a facility amount of not less than HK\$2,426.8 million upon terms and conditions to the Purchaser's satisfaction with support of written evidence, and the Bank Loan is not terminated or cancelled because of the entering into of the Transaction Documents and the transactions contemplated therein, and the Renewed Bank Loan remaining in full force and effect as of Completion;
- (xiv) the Vendor having obtained the written consent from the Banks that they had consented to, and confirmed that (a) the Transaction Documents and the transactions contemplated therein; (b) the change of ownership of the Property Company as a result of the Agreement; (c) release the Share Charge or replace the Share Charge by a charge of the Sale Shares by the Purchaser; and (d) enter into a subordination agreement with the Property Company, the Purchaser and other party as requested by the Banks as at Completion on terms satisfactory to the Purchaser, does not constitute any breach to the Bank Loan;
- (xv) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Agreement or which is reasonably likely to materially and adversely affect the right of the Purchaser to own the legal and beneficial title to the Sale Shares, free from encumbrances (save for the encumbrances created under the security documents in relation to the Bank Loan), following Completion;

LETTER FROM THE BOARD

- (xvi) no notice or order having been served, issued or made and there is no events, facts or circumstances having occurred that the Conditions of Sale in respect of the Property might be withdrawn, terminated, forfeited or become ceased to be effective;
- (xvii) the Vendor having proved to the absolute satisfaction of the Purchaser that save for the Bank Loan, the Renewed Bank Loan or the New Bank Loan (as appropriate), the Property Company does not have any liabilities;
- (xviii) no events, facts or circumstance, which has constituted or may constitute any breach of any provisions of the Agreement or the Bank Loan having happened on or before the Completion Date;
- (xix) the cancellation deed relating to the cancellation of the Prior Agreement having been duly executed by all of the parties thereto;
- (xx) the termination deed relating to the termination of the Option Deed in relation to the grant of the call and put options over the shares of Sino Shield Limited (the purchaser of the Prior Agreement) having been duly executed by all of the parties thereto; and
- (xxi) the termination deed relating to the termination of the project management agreement dated 17 July 2020 entered into among the Property Company, Starry Horizon Global Limited (an indirect wholly-owned subsidiary of the Company) and Mr. Pan in relation to the development of the Property having been duly executed by all of the parties thereto.

The Purchaser may in its absolute discretion waive any or all of the conditions (save for (viii), (ix) and (x)) by notice in writing to the Vendor.

As at the Latest Practicable Date, all conditions to the Agreement have been fulfilled.

Bank consent

The Vendor shall as soon as practicable after signing of the Agreement, but in any event no later than 30 August 2020, obtain a written consent from the Banks on (a) the change of ownership of the Property Company as a result of the Agreement; (b) renew the Bank Loan as referred to in condition (xiii) above; (c) not to accelerate or enforce the Bank Loan and the securities under the Bank Loan until 10 September 2020; and (d) the Loan Restructuring.

PROFIT SHARING AGREEMENT

In conjunction with the Agreement, the Vendor, the Purchaser and the Property Company entered into the Profit Sharing Agreement on 27 July 2020 in relation to the sharing of profit from the future sale of the Units and Car Parks to be developed at the Property by the Property Company.

LETTER FROM THE BOARD

Subject to Completion and provided that the Units that have been sold as of the Base Date have an average sale price of at least HK\$29,000 per sq.ft., the Vendor and the Purchaser will share, in the ratio of 3 to 7:

- (1) the excess of the actual profit from the sale of the Units up to the Base Date over the target profit from the sale of such Units at HK\$29,000 per sq. ft.;
- (2) the excess of the pro-forma profit that would have been generated from the unsold Units as at the Base Date at the fair market value over the target profit from the sale of the unsold Units at HK\$29,000 per sq. ft.;
- (3) the actual profit from the sale of the Car Parks up to the Base Date; and
- (4) the pro-forma profit that would have been generated by the sale of the unsold Car Parks as at the Base Date at the fair market value.

The Property Company shall procure that payment in respect of the above profit sharing be arranged within 90 days after the date of the report on the information of (1) to (4) above prepared by the Purchaser and audited by the Purchaser's auditors.

In accordance with the Profit Sharing Agreement,

- (i) the profits for the purpose of the profit sharing arrangement shall mean:
 - (a) the aggregate sale price of the sale of the Units or the Car Parks (as the case may be); minus
 - (b) approximately HK\$7,040 million (being the consideration for the Sale Shares paid by the Purchaser under the Agreement plus the outstanding principal of the Bank Loan) plus any applicable stamp duties payable by the Purchaser in connection with the share transfer under the Agreement, all costs of construction, related government rates, marketing, selling expenses, debt interest, overheads, tax, legal and other advisory fees and other related costs for the Units (including non-saleable area attributable to the Units) or the Car Parks (as the case may be);
- (ii) in respect of the Units and Car Parks that have been sold up to the Base Date, the actual profit shall be based on their respective actual sale price after deducting all applicable discounts and rebates. Prior to the determination of the actual sale price for the Units, the Purchaser will provide to the Vendor a copy of the market report prepared by the Property Company's real estate sales agent which will contain the proposed sale price for the Units for the Vendor's comments and the Purchaser shall have the sole discretion to determine the actual sale price; and

LETTER FROM THE BOARD

- (iii) in respect of the unsold Units and Car Parks as at the Base Date, the pro-forma profit that would have been generated by such sale shall be determined assuming the sale price for such Units or Car Parks is equal to their respective fair value as at the Base Date, which shall be determined by an independent valuer to be appointed by the Purchaser as soon as practicable after the Base Date.

The profit sharing ratio of 3 to 7 between the Vendor and the Purchaser was solely the outcome of commercial negotiations between the parties on an arm's length basis. The reference base sale price of HK\$29,000 per sq.ft. for the purpose of calculating the profit sharing was determined after arm's length negotiations among the parties with reference to the prevailing market price of the Units as assessed by CBRE in the preliminary valuation of the property as at 31 March 2020 and taking into account the potential growth in sale price of the Units.

Given that the Property Company is itself the owner and developer of the Property, all income and expenses arising from and otherwise incurred by it will be managed, controlled and accounted for in its ordinary and usual course of business, and the Property Company should have sufficient cash resources to honour its payment obligations in respect of the shared profits under the Profit Sharing Agreement. In addition, since the Profit Sharing Agreement is legally binding and enforceable among the parties, the Company considers there is reasonable and sound contractual protection to safeguard the Company's interest in the shared profits and therefore the risk of default or non-performance by the counterparties under the Profit Sharing Agreement is remote.

INFORMATION OF THE PROPERTY COMPANY AND THE PROPERTY

The Property Company was incorporated in Hong Kong with limited liability on 26 October 2018 and a wholly-owned subsidiary of the Vendor, which is in turn an indirect wholly-owned subsidiary of the Company, immediately before Completion. It is principally engaged in property development and the principal asset of which is the Property.

The Property is the piece of land parcel known as New Kowloon Inland Lot No. 6591 situated at Kai Tak Area 4B Site 4, Kai Tak, Kowloon, which covers a total site area of approximately 9,708 sq. m. with minimum and maximum developable GFA of 32,037 sq. m. and 53,394 sq. m., respectively. The Property was acquired by the Property Company from the government of Hong Kong by way of tender in December 2018 and it shall be developed for private residential use. As at the date of the Agreement, foundation work had yet to be commenced. As disclosed in the valuation report of the Property as set out in Appendix I to this circular, the valuation of the Property as at 30 November 2020 as appraised by CBRE based on market approach was HK\$7,000 million.

Set out below are certain financial information of the Property Company extracted from its audited financial statements for the period from 26 October 2018 (date of incorporation) to 30 June 2019 and its unaudited financial statements for the year ended 30 June 2020 respectively:

LETTER FROM THE BOARD

	For the period from 26 October 2018 (date of incorporation) to 30 June 2019 (Audited) <i>Approximately HK\$'000</i>	For the year ended 30 June 2020 (Unaudited) <i>Approximately HK\$'000</i>
Loss before taxation	6,590	2,297,804
Loss after taxation	6,590	2,297,804

As disclosed in the Announcement, as at 30 June 2020, the unaudited net liabilities of the Property Company amounted to approximately HK\$20 million, after taking into account principally the Property Book Value of approximately HK\$9,287 million, the loans and amounts due to the Group of approximately HK\$5,697 million in aggregate and the outstanding principal amount of the Bank Loan of approximately HK\$3,563 million, respectively. Subsequent to the publication of the Announcement, the Group has, in the unaudited financial statements of the Property Company for the year ended 30 June 2020, (i) reversed an over accrual of interests of approximately HK\$3 million which were capitalised in the Property Book Value; and (ii) provided an impairment loss of the Property of approximately HK\$2,284 million by reference to the valuation of the Property and in accordance with the Hong Kong Financial Reporting Standards, resulting in an unaudited Property Book Value of HK\$7,000 million and unaudited net liabilities of the Property Company (the “**Updated Net Liabilities**”) of approximately HK\$2,304 million as at 30 June 2020. As a result of the aforesaid impairment loss of the Property, the unaudited loss before and after taxation of the Property Company for the year ended 30 June 2020 was updated to approximately HK\$2,298 million from that of approximately HK\$13 million as disclosed in the Announcement.

Having taken into account (i) the Updated Net Liabilities of approximately HK\$2,304 million as at 30 June 2020; and (ii) completion of the Loan Restructuring, the adjusted net asset value of the Property Company as at 30 June 2020 would have been approximately HK\$3,393 million. The consideration for the Sale Shares under the Agreement represents a premium of approximately 2.5% over the aforesaid adjusted net asset value.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Property Company ceased to be a subsidiary of the Company and its results, assets and liabilities would no longer be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

The expected financial impacts of the Disposal on the Group are as follows:

Assets and liabilities

It is expected that (i) the consolidated total assets of the Group will be decreased by approximately HK\$3,580 million, representing the net effect of the exclusion of the unaudited total assets of the Property Company and the receipt of the cash consideration (net of the Deduction Amount of approximately HK\$57 million); and (ii) the consolidated total liabilities of the Group will be decreased by approximately HK\$3,607 million, representing the exclusion of the unaudited total liabilities of the Property Company as a result of the Disposal.

Earnings

Subject to final audit, it is expected that the Group will record a gain on the Disposal of approximately HK\$27 million, which is calculated based on the difference between (i) the consideration for the Sale Shares under the Agreement of approximately HK\$3,477 million and (ii) the sum of (a) the Updated Net Liabilities of the Property Company of approximately HK\$2,304 million as at 30 June 2020; (b) the capitalisation of shareholder's loans owed by the Property Company of approximately HK\$5,697 million; and (c) the Deduction Amount of approximately HK\$57 million.

The aforesaid expected gain on Disposal of approximately HK\$27 million differs from that of the expected loss of Disposal of approximately HK\$2,750 million as disclosed in the Announcement. Such difference mainly represented the Deduction Amount of approximately HK\$57 million and the adjustments on the audited consolidated financial statements of the Group for the year ended 30 June 2020 subsequent to the Announcement based on the valuation of the Property. The aforesaid adjustments were included to (i) provide impairment of the Property of approximately HK\$2,284 million as mentioned in the section headed "Information of the Property Company and the Property" above; and (ii) revise the accumulated additional finance costs borne by the Company arising from shareholder's loan previously provided by the Group to the Property Company in relation to the Property from approximately HK\$550 million as disclosed in the Announcement to approximately HK\$502 million due to overprovision of interests and provide impairment of such amount.

REASONS FOR THE DISPOSAL AND THE PROFIT SHARING AGREEMENT

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

The economy in Hong Kong has been severely affected by the occurrence of the social events in Hong Kong since June 2019 and the outbreak of COVID-19 pandemic since early 2020. According to the statistics released by the government of Hong Kong, Hong Kong's economy has been contracted for four straight quarters with decline in real gross domestic product by 9% year-on-year in the second quarter of 2020. With the expectation that the evolution of COVID-19 will remain a threat to the economy outlook, the Directors consider

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the overall business environment in Hong Kong is experiencing increasing challenges, causing uncertainties and pressure to the Group's property development and investment businesses in the near term. As disclosed in the valuation report of the Property as set out in Appendix I to this circular, the market value of the Property assessed by CBRE dropped to HK\$7,000 million as at 30 November 2020, as compared to the Property Book Value of HK\$9,287 million as at 30 June 2020 (immediately prior to impairment with reference to valuation of the Property). The Directors consider that such decline in market value reflects the impacts to the property market arisen from the events as mentioned above.

Having considered the uncertainties in macro-environment as described above and the significant capital required for the development of the Property, the Group has been pursuing the sale of the Property with a view to enhancing its financial flexibility. The Group has received fresh capital from the Disposal in the sum of approximately HK\$3,477 million which are intended to be used to repay the Group's other borrowings, for the payment to the purchaser under the Prior Agreement for cancellation of the Prior Agreement and for general working capital purposes. The Disposal enables the Group to realise its investment in the Property at a consideration determined based on the current market value of the Property at its undeveloped status and relieves the Group from the business and financial risks associated with the development of the Property. In view of the aforesaid reasons and the consideration for the Disposal was based on the market value of the Property, the Directors consider the terms of the Agreement are fair and reasonable. The consideration under the Agreement of approximately HK\$3,477 million (after taking into account the related costs and expenses for the cancellation of the Prior Agreement of approximately HK\$452 million) is higher than the cash payment under the Prior Agreement of approximately HK\$2,500 million. Furthermore, the Profit Sharing Agreement provides a mechanism for the Group to share the potential upside in the development of the Property if the future actual sale price of the Units exceed the target sale price as agreed with the Purchaser. Based on the above, the Directors consider that the terms of the Agreement and the Profit Sharing Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

After Completion, the Group will continue to engage in, among other things, the property development and investment business. The Group entered into an agreement in 2019 to acquire the entire issued share capital of Solar Time Developments Limited ("**Solar Time**"), which indirectly holds a land parcel in Kowloon Bay that will be redeveloped into a Grade-A office building. As at the Latest Practicable Date, all of the conditions precedent to completion of the acquisition have been fulfilled and the Directors expect that the acquisition will be completed on or before 30 June 2021. Subject to the market condition and the Group's financial position, the Group may also pursue property development opportunities which are suitable to its business strategy with a view to maximising returns to the Shareholders.

WORKING CAPITAL

As at 30 June 2020, the Group had net current liabilities of approximately HK\$5,752 million and capital commitments of approximately HK\$4,342 million. Total bank and other borrowings, and accrued loan interest and charges payables amounted to approximately HK\$15,848 million and HK\$449 million, respectively, which were repayable on demand or

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within 12 months from 30 June 2020. Among the bank and other borrowings and accrued loan interest and charges payables, approximately HK\$10,178 million and HK\$376 million were overdue and repayable on demand, respectively, as at 30 June 2020 as the Group had breached certain financial covenants (the “**Breaches**”) in respect of the loan in the principal amount of HK\$3,378 million (the “**Loan**”) obtained by Cheng Mei Holdings Limited (“**Cheng Mei**”) and Goal Eagle Limited (“**Goal Eagle**”) (both indirect wholly-owned subsidiaries of the Company), and certain floating rate senior secured notes (the “**Notes**”) with principal amount of HK\$6,800 million issued by Smart Edge Limited (“**Smart Edge**”, a company owned as to 60% by Cheng Mei and 40% by Goal Eagle).

As a result of the Breaches, the security agents of the Notes and the Loan have appointed joint and several receivers and managers (the “**Receivers**”) over the security assets provided under the Notes and the Loan in July and October 2020, respectively. The material assets subject to the receivership include, among other things, (i) an office building known as Goldin Financial Global Centre and owned by Smart Edge; and (ii) 100% of the issued share capital and all assets and undertakings of Smart Edge, Cheng Mei and Goal Eagle. In addition, on 7 October 2020, the Company received a notification of a petition dated 7 August 2020 (the “**Petition**”) and an application (the “**JPL Application**”) presented by the security agent of the Loan to the Supreme Court of Bermuda for the purported winding-up of the Company and the appointment of joint provisional liquidators of the Company. The Group’s failure to repay the Notes and the Loan also constituted an event of default of another bank loan of approximately HK\$1,978 million as at 30 June 2020 (the “**Other Bank Loan**”, together with the Notes and the Loan, the “**Indebtedness**”), which, as a consequence, became repayable on demand.

In view of the circumstances, the Group has implemented, or is in the process of implementing, the following plans and measures to improve its working capital position:

- (a) on 2 September 2020, the Group entered into a term sheet with an independent third party (the “**Factoring Business Buyer**”) for the disposal of Goldin Factoring Limited (“**Goldin Factoring**”) at a cash consideration of approximately HK\$2,050 million (the “**Factoring Business Disposal**”), subject to adjustment on the final consideration on completion. On 12 December 2020, the Group further entered into a supplemental term sheet with the Factoring Business Buyer to extend the period for the due diligence exercise by the Factoring Business Buyer to January 2021. The Group has been actively cooperating with the Factoring Business Buyer for the due diligence exercise and expects completion of the Factoring Business Disposal to take place in February 2021. The proceeds arising from such disposal will be used as general working capital;
- (b) in relation to the Group’s acquisition of the entire equity interest in Solar Time from Goldin Investment Intermediary Limited (“**GIIL**”), a company 60%-owned by Mr. Pan (details of which were disclosed in the Company’s circular dated 30 October 2019), on 28 October 2020, the Group entered into a confirmatory deed with GIIL, pursuant to which, among other things, GIIL irrevocably agreed that completion of the acquisition be extended to the third business day after a written notice is served on GIIL by the Group of its intention and readiness to complete the acquisition. Mr. Pan has also undertaken that the Group could settle the

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outstanding consideration by way of a shareholder's loan, if necessary, by utilising a loan facility provided by a company controlled by him. As the Group expects to complete the proposed disposals of Goldin Factoring and Smart Edge (as detailed in (c) below) within the first half of 2021 and in view of the aforesaid undertaking provided by Mr. Pan, the Group will have sufficient resources to settle the outstanding consideration for the acquisition of Solar Time;

- (c) as disclosed in the announcements of the Company dated 23 December 2020 and 10 January 2021, it was confirmed to the Group that the Receivers and an independent third party (the “**SE Purchaser**”) have entered into a sale and purchase agreement (the “**SE Disposal Agreement**”) in respect of 100% equity interest of Smart Edge (the “**SE Disposal**”). The Receivers also informed the Group that (i) the funds to be received by them pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness relating to the Notes and the Loan in full; and (ii) the SE Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The Company expects that the SE Disposal will be completed within the first half of 2021 and is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Notes and the Loan, as well as the Petition and the JPL Application, will be resolved amicably;
- (d) Mr. Pan has undertaken to provide additional funding to finance the Group's operations as and when necessary. Currently, the Group maintains a borrowing facility of US\$500 million (equivalent to approximately HK\$3,875.1 million) from a company controlled by Mr. Pan, in which no amount has been utilised as at the Latest Practicable Date. Mr. Pan has also undertaken not to demand the repayment of any amounts due to him or companies controlled by him until the Group is in a position to repay without impairing its liquidity position; and
- (e) the Company will consider other financing arrangements with a view to improving the Group's liquidity and financial position.

The Directors are of the opinion that, taking into account the Group's internal resources, the existing facilities, the Indebtedness which has already fallen due and the abovementioned plans and measures, the Group will have sufficient working capital for the Group's requirements within the next 12 months from the date of this circular.

Shareholders should note that the validity of the statement of the working capital sufficiency of the Group as mentioned above depends on the outcome of the plans and measures undertaken/being undertaken by the Group, which are subject to multiple uncertainties, including:

- (a) successfully completing the SE Disposal and the Factoring Business Disposal in accordance with the terms and conditions, amounts and timing anticipated by the Company and using the sale proceeds to repay the Indebtedness;

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- (b) successfully obtaining agreement with the lenders and the Receivers of the Notes and the Loan for the settlement arrangement of the Notes and the Loan and the settlement of all legal proceedings, which include, among other things, the withdrawal of the Petition and the JPL Application against the Company;
- (c) successfully obtaining agreement from the lender of the Other Bank Loan that it will not demand immediate repayment of the Other Bank Loan; and
- (d) successfully obtaining other financial resources, including but not limited to advances from the controlling shareholder of the Company and/or companies controlled by him so as to enable the Group to have adequate working capital within 12 months from the date of this circular and to repay its matured and maturing debts and finance the Group's operations from time to time.

Should the Group be unable to successfully implement the plans and measures as mentioned above, the Group may not have sufficient working capital for its requirements within the next 12 months from the date of this circular.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to, among other things, circular and shareholders' approval requirements.

Mr. Pan, an executive Director and the Chairman of the Board, as well as the controlling shareholder of the Company, is one of the Vendor's guarantors to guarantee the due and punctual performance of the obligations of the Vendor under the Agreement. Since the aforesaid guarantee is provided on normal commercial terms or better to the Group and not secured by any assets of the Group, the guarantee provided by Mr. Pan to the Group constitutes a fully-exempt connected transaction under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, notwithstanding the provision of guarantee by Mr. Pan as one of the Vendor's guarantors under the Agreement which constitute a fully-exempt connected transaction, Mr. Pan is not regarded as having a material interest in the Disposal. No Shareholder has a material interest in the Disposal, and accordingly no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the resolution in respect of the Agreement and the transactions contemplated thereunder. As at the date of the Agreement, Mr. Pan personally held 239,063,000 Shares and his Controlled Companies, namely Clear Jade International Limited, Goldin Equities Limited and Goldin Global Holdings Limited, held 44,316,000 Shares, 187,213,998 Shares and 4,483,291,636 Shares respectively. The written approval from Mr. Pan and his Controlled Companies (being a closely allied group of Shareholders holding 4,953,884,634 Shares in aggregate (representing approximately 70.86% of the issued share capital of the

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Company as at the date of the Agreement)) has been obtained in respect of the Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors consider the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a special general meeting of the Company were to be convened and held to consider the Agreement and the transactions contemplated thereunder, the Directors would recommend the Shareholders to vote in favour of the resolution to be proposed at the special general meeting to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By the order of the Board
Goldin Financial Holdings Limited
Hui Wai Man, Shirley
Executive Director

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from CBRE in connection with their valuation as at 30 November 2020 regarding the Property held by the Property Company.

CBRE Limited



29 January 2021

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地產代理(公司)牌照號碼
Estate Agent's Licence (Co.) No. C-004065

Dear Sirs

RE: VALUATION OF NEW KOWLOON INLAND LOT NO. 6591, KAI TAK AREA 4B SITE 4, KAI TAK, KOWLOON (THE “PROPERTY”)

We refer to an instruction from Goldin Financial Holdings Limited (the “**Company**”) for us to carry out a valuation of the Property as an independent valuer for public disclosure purpose, details of which are set out in the enclosed valuation. We confirm that we have carried out inspection, made relevant investigations, searches and enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Property as at 30 November 2020 (referred to as the “**Valuation Date**”).

I. BASIS OF VALUATION

Our valuation is prepared in accordance with “The HKIS Valuation Standards (2017 Edition)” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020” issued by RICS and complies with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. All valuations will be undertaken by appropriately qualified professionals and the definition of market value and valuation methodologies will be in line with HKIS valuation standards and International Valuation Standard.

The term ‘Market Value’ as used in the context of this valuation is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

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

The Property has been valued on the following basis:

- Market Value in existing state

II. VALUATION METHODOLOGIES

We have valued the Property, being a development land, by using market approach. The method is considered appropriate by HKIS Guidance Notes on Valuation of Development Land for assessing land value. We have adopted direct comparison method using recent government land sale transactions as available in the market as direct evidence to assess the market value of the Property. Direct comparison method is universally considered the most accepted valuation approach for valuing most forms of real estate. This involves the analysis of recent market sales evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its accommodation value; each attribute of the comparable is then compared with the subject and where there is a difference, the accommodation value is adjusted in order to arrive at the appropriate accommodation value for the subject. This is done by making percentage adjustments to the accommodation value for various factors, such as location, size, accessibility and so on.

III. INSPECTION

We have inspected the Property on 4 January 2021 externally by Sr Shana Lam. Although not all areas in the Property were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the Property.

IV. GROUND AND SERVICES CONDITION

We have not carried out investigations on site to determine the suitability of the ground conditions and the availability of services etc., for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. This report does not make any allowance for contamination or pollution of land, if any, which may have occurred as a result of past usage.

V. SITE BOUNDARY

Unless otherwise stated, we have not carried out any detailed on-site measurements to verify the site areas of the Property and we have assumed that the areas shown on the documents, being the site plan as attached to the Conditions of Sale, handed to us are correct.

VI. SOURCES OF INFORMATION

We have relied to a considerable extent on the information given by the Company and have accepted the advice given to us on such matters as site areas, proposed development scheme, preliminary development plans, construction cost incurred, construction progress etc. We were provided with plans of proposed developments to be erected on development site by the Company and our valuation was conducted on the existing state basis according to the proposed development scheme provided as per instructed. We reserve the right to alter our valuation opinion should a revised development scheme be provided to us in the future. All documents have been used for reference only.

We have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership. All documents have been used for reference only.

Whilst we have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries, we have not scrutinised the original documents to verify the correctness of the information nor to ascertain subsequent amendments, if any, which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which may be material to the valuation. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have assumed the property information so provided to us are true and accurate. We take no responsibility for inaccurate data provided to us and subsequent conclusions derived from such data.

VII. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuations assume that the use of the Property complies with covenants stated in the Conditions of Sale and other statutory legislations. All necessary approvals for the proposed development for the Property have been obtained from the relevant government authorities without onerous restrictions.

VIII. MARKET CONDITIONS

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the Valuation Date, in the case of the Property, there is a shortage of market evidence for comparison purposes, to inform opinions of value.

Our valuation of the Property is therefore reported as being subject to ‘material valuation uncertainty’. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation(s) contained within this report under frequent review.

IX. LIMITING CONDITIONS

This valuation shall be used only in its entirety and no part shall be used without taking consideration of the whole report. The contents as contained may not be used for any purposes other than the intended purpose mentioned above. Possession of the report or any copy thereof does not carry with it the right of copying.

We have no present or prospective interest in the Property and are not related corporation of the Company. We hereby confirm that our valuers undertaking this valuation assignment are authorized to practice as valuers and have necessary expertise and experience in valuing similar types of properties.

The adopted area conversion factors in this report are as follow:

1 sq m = 10.764 sq ft

We enclose herewith our valuation report.

Yours faithfully,
For and on behalf of
CBRE Limited

Sr Shana L. Lam

FRICS MHKIS RPS (GP) RICS Registered Valuer MSc (Real Estate)

Senior Director, Valuation & Advisory Services

Note: Sr Shana L. Lam is a Chartered Surveyor with over 20 years of valuation experiences in Hong Kong and the PRC.

VALUATION

Address	Description and Tenure	Details of Occupancy	Market Value in
			existing state as at 30 November 2020
New Kowloon Inland Lot No. 6591 ("NKIL 6591")	The Property, being NKIL No. 6591, is a development site acquired through a government tender in November 2018. It is situated along the former runway area in Kai Tak and overlook Kwun Tong Typhoon Shelter in the northeasterly direction.	As at the Valuation Date, the Property was a parcel of levelled vacant land and some preliminary consultancy studies for the preparation of the design and construction plans have been undertaken. The foundation work has yet to be commenced.	HK\$7,000,000,000 (HONG KONG DOLLARS SEVEN BILLION ONLY)
Kai Tak Area 4B, Site 4, Kai Tak, Kowloon	NKIL No. 6591 is held under the Conditions of Sale No. 20332, based on the information shown the site area of the Property is approximately 9,708 sq m (104,497 sq ft or thereabouts) and the maximum permissible plot ratio gross floor area is approximately 53,394 sq m (574,733 sq ft or thereabouts) for residential use. The tenure of the Property commences from 18 December 2018 for a term of 50 years. The Government Rent payable was 3% of the rateable value from time to time of the Property subject to a minimum rent of HK\$1 per annum (if demanded).	As advised by the Company, the Property is proposed to be developed into a high-end residential development based on a set of preliminary development plans. The construction cost incurred as at the Valuation Date was circa HK\$15,322,336. The Occupation Permit of the residential development is estimated to be obtained by 22 September 2023.	

Notes:

- As per land search record obtained from the Land Registry on the Latest Practicable Date (the "**Land Search**"), the registered owner of the Property is Rich Fast International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company immediately prior to Completion.
- Furthermore, as per Land Search, a building mortgage in favour of Nanyang Commercial Bank, Limited was registered vide Memorial No. 20120402120246 dated 26 November 2020.
- As per the Conditions of Sale No. 20332 for NKIL No. 6591 dated 18 December 2018 entered into between Rich Fast International Limited and the Chief Executive on behalf of the Government of the Hong Kong Special Administrative Region, the land premium at which the lot was purchased was HK\$8,906,758,888. Use and development of the Property were subject to the clauses and provisions stipulated under the captioned Conditions of Sale, which major restrictions governing the user and development potential of the Property are summarized, *inter alia*, as follows:
 - Special Condition (2)(a)(i) – "The Purchaser shall on or before the 30th day of September 2022 or such other date as may be approved by the Director, at the Purchaser's own expense and in all respects to the satisfaction of the Director, lay, form, erect, construct, provide and landscape a

promenade within the areas shown coloured yellow and yellow hatched black on the plan annexed hereto respectively (hereinafter referred to as “the Yellow Areas” and “the Yellow Hatched Black Area” respectively).”.....“The Purchaser shall provide a public pedestrian access with a width of 4.5 metres within the Yellow Hatched Black Area as dedicated pedestrian zone. For the avoidance of doubt, the Yellow Areas do not include and seawall.”

- (b) Special Condition (5) – “The Purchaser shall develop the lot by the erection thereon of a building or buildings complying in all respects with these Conditions and all Ordinances, bye-laws and regulations relating to building, sanitation and planning which are or may at any time be in force in Hong Kong, such building or buildings to be completed and made fit for occupation on or before the 30th day of September 2024.”
 - (c) Special Condition (6) – “The lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.”;
 - (d) Special Condition (7)(a)(iii) – “the total gross floor area of any building or buildings erected or to be erected on the lot shall not be less than 32,037 square metres and shall not exceed 53,394 square metres.”;
 - (e) Special Condition (7)(a)(iv) – “the total site coverage of any building or buildings erected or to be erected at or above the ground level of the lot shall not exceed 40% of the area of the lot.”;
 - (f) Special Condition (7)(a)(v) – “no part of any building or other structure erected or to be erected on the lot together with any addition or fitting (if any) to such building or structure may in the aggregate exceed a height of 95 metres above the Hong Kong Principal Datum, or such other height limit as the Director at his sole discretion may, subject to the payment by the Purchaser of any premium and administrative fee as shall be determined by the Director, approve, provided that: (I) machine rooms, air-conditioning units, water tanks, stairhoods and similar roof-top structures may be erected or placed on the roof of the building so as to exceed the above height limit on condition that the design, size and disposition of the said roof-top structures are to the satisfaction of the Director; and (II) the Director at his sole discretion may in calculating the height of a building or structure exclude any structure or floor space referred to in Special Condition No. (38)(b)(i)(II) hereof.”;
- 4. The Property is within an area zoned “Residential (Group B)4” under the approved Kai Tak Outline Zoning Plan No. S/K22/6 gazetted under Section 9(1)(a) on 25 May 2018 (“the OZP”). Under section 16 of the Town Planning Ordinance a planning permission under application no. A/K22/16 for the minor relaxation of maximum plot ratio and building height restrictions for the Property and other sites in Kai Tak was granted on 17 April 2015 and it is subject to certain conditions and shall be valid until 17 April 2021.
 - 5. A set of development plans of the Property were provided by the Company and our valuation was conducted on development basis according to the proposed development scheme provided. We reserve the right to alter our valuation opinion should a revised development plans be provided to us in the future.
 - 6. Our assessment addresses the Market Value of the Property in existing state on development basis. We have assumed that all necessary approvals for the proposed development will be obtained from the relevant government authorities without onerous restrictions.
 - 7. As at the Valuation Date, the Company has provided us with an estimation of the total project cost including construction, fees & charges, project management but excluding land cost, marketing & legal, financial charges was approximately HK\$3,121,000,000. The Company confirmed that the cost incurred as at the Valuation Date was circa HK\$15,322,336. The aforementioned total project cost and cost incurred refer to the budget managed by the Company before it entered into the Agreement in relation to the disposal of all the issued shares of the Property Company by the Vendor to the Purchaser. Thus, there were no updates for the estimated costs and cost incurred as at the Valuation Date. In assessing the Market Value of the Property, we have taken into account the outstanding construction cost, the construction progress and the remaining construction period and no changes for such estimation as at the Valuation Date was made as advised by the Company.

8. The Gross Development Value (the “GDV”) or often being known as the aggregate selling price of all the individual units) of the proposed development to be erected on the Property assuming it was completed as at the Valuation Date was in the sum of HK\$14,300,000,000 (HONG KONG DOLLARS FOURTEEN BILLION AND THREE HUNDRED MILLION ONLY).

9. Site transactions that were considered in our valuation include:

Address	NKIL 6603 Kai Tak Area 4E Site 1	NKIL 6554, Kai Tak Area 4A Site 2	NKIL 6577, Kai Tak Area 4A Site 1
District	Kai Tak	Kai Tak	Kai Tak
Property Particulars			
Property type	Development site	Development site	Development site
Site Condition	Levelled vacant land	Levelled vacant land	Levelled vacant land
Zoning (as per Kai Tak Outline Zoning Plan)	Residential Group (B)4	Residential Group (B)5	Residential Group (B)5
Permitted User (as per Conditions of Sale)	Private Residential	Private Residential	Private Residential
Site Area, sq ft (Approx.)	59,719	197,552	176,368
Maximum permissible Plot Ratio GFA (Approx.)	328,453	1,205,062	1,075,840
Plot Ratio	5.5	6.10	6.10
Particulars of Transaction			
Way of Disposal	Government Tender	Government Tender	Government Tender
Date of Transaction	Q4 2020	Q4 2019	Q3 2019
Consideration (HK\$)	\$4,272,800,000	\$15,952,900,000	\$12,739,800,000
Accommodation Value, HK\$/sq ft	\$13,009	\$13,238	\$11,842

The above-mentioned transactions are selected as the location of these developments sites is considered similar to the Property which are all situated in the Kai Tak runway area. These site comparables were transacted approximately one year from the Valuation Date. Other factors were also considered similar to the Property such as development scale, plot ratio, user and expected view of the future completed development.

The Direct Comparison Approach is universally considered the most accepted valuation approach for valuing most forms of real estate. This involves the analysis of recent market sales evidence of similar development sites to compare with the Property under valuation. Each comparable is analyzed on the basis of its accommodation value; each attribute of the comparable is then compared with the Property and where there is a difference, the accommodation value is adjusted in order to arrive at the appropriate accommodation value for the Property. This is done by making percentage adjustments to the accommodation value for various factors, such as location within the city, time, development scale, plot ratio, user and expected view of the future completed development.

Adjustment factors

- Location** – Location adjustments reflect the difference between the subject Property and the comparables in terms of its proximity to the city centre, major infrastructures, and so on.
- Time** – We have made reference to the market conditions of the specific property sector in considering the adjustments for such factor.
- Development Scale** – It reflects the difference between the subject Property and the comparables in terms of scale of development. A prominent site of scale would accommodate more ancillary recreational/communal feature and hence the unit price of the completed unit would be higher.
- View** – It reflects the difference between the subject Property and the comparables in terms of the general view of the future completed development.
- User** – It reflects the difference between the subject Property and the comparables in terms of the land user, where the subject Property use is private residential only without commercial accommodation.
- Plot Ratio** – It reflects the difference between the subject Property and the comparables in terms the development intensity over the land. The higher the development intensity of a parcel of land, the lower the accommodation value as the unit land cost attribute to each square feet of plot ratio GFA is smaller.
- Layout** – It reflects the difference between the subject Property and the comparables in terms of the physical shape of the site (including width and depth). We consider a piece of regular shaped land is more expensive than an irregular one (eg land with jagged site boundaries), as it provides greater physical utility (and therefore value).

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the financial years ended 30 June 2018, 2019 and 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.goldinfinancial.com:

- annual report of the Company for the year ended 30 June 2018 (pages 75 to 176);
- annual report of the Company for the year ended 30 June 2019 (pages 80 to 204); and
- annual report of the Company for the year ended 30 June 2020 (pages 107 to 248).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$12,956,441,000 comprising (i) secured bank loans (including those owed by Smart Edge, Cheng Mei and Goal Eagle which were under receiverships) of approximately HK\$12,178,710,000; (ii) unsecured bank loans of approximately HK\$6,447,000; (iii) unsecured bank overdraft of approximately HK\$1,481,000; and (iv) accrued loan interest and charges payable (including those owed by Smart Edge, Cheng Mei and Goal Eagle which were under receiverships) of approximately HK\$769,803,000 of secured bank loans.

The secured bank loans were (i) secured by the entire share capital of certain subsidiaries; (ii) floating charges over all assets of certain subsidiaries; (iii) the investment properties of the Group; and (iv) guaranteed by the Company and Mr. Pan.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

3. MATERIAL ADVERSE CHANGE

Save for the disclosure in the section headed "Financial and trading prospects of the Group" in this appendix and the section headed "Litigation" in appendix III to this circular, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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.

The overall business environment in Hong Kong and the PRC is expected to remain challenging in the short term. The adverse impacts to economies brought by the outbreak of the COVID-19 pandemic and the uncertainties arising from the escalating trade tensions between the PRC and the United States of America are expected to continually cause pressure on the Group's businesses. In such turbulent time, the Group will adhere to a prudent approach to manage its business and strategies.

In July 2020, the Company completed the Disposal. It immediately brought in fresh capital to the Group and relieved the Group from the future business and financial risks associated with the development of project in relation to the Property.

In view of the rising of capital cost and risks exposure in relation to the factoring operation, the Group decided to dispose of the factoring business and re-allocate the management and financial resources of the Group to strengthen its remaining business. On 2 September 2020, the Group entered into a term sheet with the Factoring Business Buyer to dispose of the factoring operation at a cash consideration of approximately HK\$2,050 million. The Factoring Business Disposal is expected to be completed in February 2021. The disposal would result in derecognition of bank borrowing from the factoring subsidiary which, together with the proceeds arising therefrom, would help strengthening the financial flexibility of the Group as a whole. Further details of the Factoring Business Disposal are set out in the Company's announcements dated 4 September 2020 and 14 December 2020.

As disclosed in the Company's announcement dated 23 December 2020, it was confirmed to the Group that the Receivers and the SE Purchaser have entered into the SE Disposal Agreement in respect of 100% equity interest of Smart Edge, which owns the Group's investment properties, namely Goldin Financial Global Centre. The Receivers have also informed the Group that (i) the funds to be received by them pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness relating to the Notes and the Loan in full; and (ii) the SE Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The Company expects that the SE Disposal will be completed within the first half of 2021 and is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Notes and the Loan, as well as the Petition and the JPL Application will be resolved amicably.

While the Group continues to dedicate its efforts to maximise returns to the Shareholders, it will closely monitor the market sentiment, evaluate its business and opportunities on hand and make appropriate adjustments accordingly. The Group may also consider to pursuit opportunities for further business developments or realise its assets if thought fit with a view to enhancing its financial flexibility. Besides, the Group will consider engaging in fund raising activities such as share placing with a view to improve the Group's liquidity and financial position.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares and underlying Shares:

Name of Directors	Notes	Number of Shares held		Number of underlying Shares	Total (Long Position)	Approximate % of the total issued Shares as at the Latest Practicable Date
		Personal interests	Corporate interests			
Mr. Pan	1	239,063,000	4,714,821,634	–	4,953,884,634	70.86%
Mr. Zhou Xiaojun	2	–	–	2,000,000	2,000,000	0.03%

Notes:

1. The 4,714,821,634 Shares held by Mr. Pan through the Controlled Companies included:
 - (a) 4,483,291,636 Shares were held by Goldin Global Holdings Limited and 187,213,998 Shares were held by Goldin Equities Limited respectively. Goldin Global Holdings Limited is ultimately owned by Mr. Pan. Goldin Equities Limited is an indirect wholly-owned subsidiary of Goldin Real Estate Financial Holdings Limited (“**Goldin Real Estate Financial**”). Goldin Real Estate Financial is wholly owned by Mr. Pan.
 - (b) 44,316,000 Shares held by Clear Jade International Limited which is wholly owned by Mr. Pan.

2. The underlying Shares are the share options granted by the Company to the Director under the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Notes	Capacity	Number of Shares held	Total (Long Position)	Approximate % of the total issued Shares as at the Latest Practicable Date
Goldin Global Holdings Limited	1	Beneficial owner Interests held as beneficial owner and through controlled corporations	4,483,291,636	4,483,291,636	64.13%
Mr. Pan	2		4,953,884,634	4,953,884,634	70.86%

Notes:

- Goldin Global Holdings Limited is ultimately owned by Mr. Pan.
- These Shares include 4,714,821,634 Shares held by Mr. Pan through the Controlled Companies as follows:
 - A total of 4,670,505,634 Shares, of which 4,483,291,636 Shares were held by Goldin Global Holdings Limited and 187,213,998 Shares were held by Goldin Equities Limited (as disclosed in Note 1 above) respectively.

Goldin Equities Limited is wholly owned by Goldin Investment Advisers Limited, which is, in turn, a wholly-owned subsidiary of Goldin Financial Investment Limited. Goldin Financial Investment Limited is wholly owned by Goldin Investment Holdings Limited, which is, in turn, a wholly-owned subsidiary of Goldin Real Estate Financial.

- (ii) 44,316,000 Shares were held by Clear Jade International Limited which is wholly owned by Mr. Pan.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other person had interests or short positions in the Shares or underlying shares of the Company which were recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, Mr. Pan had controlling beneficial interest in two residential property projects under construction in Ho Man Tin, being the Sheung Shing Street project and Ho Man Tin MTR station project. Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined under the Listing Rules) was considered to have any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS

(i) Interest in contracts or arrangements

As at the Latest Practicable Date, Mr. Pan had material interests in the following contracts or arrangements which were subsisting and significant in relation to the business of the Group:

- (a) an agreement dated 5 September 2016 entered into between the Company and Mr. Pan in relation to the co-operation to acquire any parcels of land (whether with or without any building or other erections erected thereon) from the government of Hong Kong or a PRC Governmental Body (as defined in the Listing Rules) by way of tender through a joint venture entity to be duly incorporated in Hong Kong or any special purpose entity to be formed and wholly-owned by such joint venture entity for the purposes of, among others, holding such land parcel(s), and the engagement in the

development of such land parcel(s) subject to the conditions of the acquisition and the purpose specified in the relevant auction or tender document in the maximum aggregate sum of HK\$20 billion;

- (b) the project management agreement dated 20 December 2018 entered into between Goldin Project Management Limited, an indirect wholly-owned subsidiary of the Company, and Gold Brilliant Investment Limited (“**Gold Brilliant**”), a joint venture company owned as to 83.5% by Rich Region Holdings Limited and as to 16.5% by Concept Pioneer Limited, which are companies indirectly wholly owned by Mr. Pan, in relation to the provision of project management services by Goldin Project Management Limited for the development of the land parcel at the northern portion of Kowloon Inland Lot No.11264 located in Ho Man Tin, Kowloon (the “**Ho Man Tin Project**”) to be undertaken by Gold Brilliant;
- (c) the property development consultancy agreement dated 20 December 2018 entered into between GFGC Real Estate Agency Limited (“**GFGC**”), an indirect wholly-owned subsidiary of the Company, and Gold Brilliant in relation to the provision of property development consultancy services by GFGC for the Ho Man Tin Project; and
- (d) the conditional sale and purchase agreement (the “**Solar Time Acquisition Agreement**”) dated 26 September 2019 entered into between Silver Shine Global Limited, a wholly-owned subsidiary of the Company, and GIIL which is indirectly owned by Mr. Pan in relation to the acquisition by Silver Shine Global Limited of the entire issued share capital of Solar Time at a consideration of HK\$4,598 million.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was materially interested in any contracts or arrangements which were subsisting and significant in relation to the business of the Group.

(ii) Interests in assets

As at the Latest Practicable Date, save for Mr. Pan’s interests in (i) the Solar Time Acquisition Agreement; and (ii) the Agreement, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2020 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

Reference is made to the announcements of the Company dated 15 July 2020, 28 July 2020, 2 August 2020, 30 September 2020, 7 October 2020, 11 October 2020, 16 October 2020, 30 October 2020, 1 November 2020, 25 November 2020, 8 December 2020, 23 December 2020 and 10 January 2021 (the “**Inside Information Announcements**”).

On 13 July 2020, in connection with the indebtedness owed by Smart Edge in relation to the Notes, Smart Edge received notifications concerning the appointment of Cosimo Borrelli (“**Mr. Borrelli**”) and Ma Siu Ming Simon (“**Mr. Simon Ma**”) as joint and several receivers and managers over the security assets provided under the Notes, and the appointment of Mr. Borrelli, Mr. Simon Ma and Chi Lai Man Jocelyn (“**Ms. Jocelyn Chi**”) as new directors of Smart Edge in place of the then existing directors of Smart Edge (the “**SE Former Directors**”). On 14 July 2020, Matsunichi Goldbase Limited, the SE Former Directors and the Company commenced legal proceedings in the High Court of Hong Kong (the “**Court**”) against the appointment of Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi in their respective capacities as receivers and directors of Smart Edge (correspondingly, the “**Matsunichi Action**”, the “**SE Former Directors’ Action**” and the “**Company Action**”). On 24 July 2020, Smart Edge (at the direction of Mr. Borrelli and Mr. Simon Ma) issued a writ against the SE Former Directors (the “**HCA Action**”) seeking various injunctions and damages. On 27 July 2020, Smart Edge issued a summons in the HCA Action for the immediate granting of the injunctions (the “**Summons**”, together with the SE Former Directors’ Action hereafter, the “**Smart Edge Applications**”). On 31 July 2020, the application for the immediate granting of the injunctions was dismissed by the Court. The Smart Edge Applications were fixed to be heard together on 29 October 2020.

On 14 September 2020, Mr. Borrelli and Mr. Simon Ma took out a further originating summons for orders in respect of the alleged powers as receivers and managers and their appointed directors over Smart Edge pending the determination of the Smart Edge Applications on 29 October 2020. On 25 September 2020, the Court held, *inter alia*, that pending determination of the Smart Edge Applications, (i) Mr. Borrelli and Mr. Simon Ma are entitled to exercise rights and powers granted to them under the security documents in respect of the Notes unless and until they are lawfully removed from office by an order of the Court or otherwise; and (ii) Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi are the only directors of Smart Edge until lawfully removed from office by an order of the Court or otherwise.

At the hearing held on 29 October 2020, the respective legal representatives for the SE Former Directors and Smart Edge (acting under the directions of the Receivers) reached *inter alia* the following consensus, in that the SE Former Directors would:

- (1) not pursue the Lawfully Appointed Directors’ Action further;
- (2) perform certain acts to facilitate the receivership of Mr. Borrelli and Mr. Simon Ma over Smart Edge; and
- (3) clarify to certain third parties the status of Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi as new directors of Smart Edge (the “**SE New Directors**”).

At the request of the parties, the Court made an order to embody the above consensus. In light of the above, the Court refused to grant injunctive relief as requested by the Receivers.

In connection with the indebtedness owed by Cheng Mei and Goal Eagle in relation to the Loan, on 7 October 2020, the Company received a copy of the Petition dated 7 August 2020 presented by the security agent of the Loan to the Supreme Court of Bermuda for purported winding-up of the Company. The hearing of the Petition was subsequently adjourned to 12 February 2021 (Bermuda time). On 8 October 2020, the Company also received notifications concerning the appointment by the security agent of joint and several receivers and managers over the entire issued share capital of Cheng Mei and Goal Eagle as security assets provided for the Loan.

As at 30 June 2020, a subsidiary of the Group was a defendant in a lawsuit brought by a contractor of the Group's properties in the PRC for the settlement of outstanding construction costs. The court judgement was issued in October 2020 and the Group is required to settle the outstanding sum in full plus overdue interest. As at the Latest Practicable Date, the Group is in the process of appealing the judgement. The outstanding construction costs and the related overdue interest amounted to HK\$326,890,000 in aggregate as at 30 June 2020. In addition, as a result of this lawsuit, the Group's buildings and leasehold land with an aggregate carrying amount of HK\$1,345,984,000 as at 30 June 2020 were preserved by the relevant court as a property preservation measure.

On 16 September 2020, the Group received a writ of summons from the Court regarding the construction payable in the amount of HK\$40,000,000 plus interests due to a contractor by Smart Edge. As at the Latest Practicable Date, the Group is in the process of negotiating with the contractor for the settlement of the outstanding sum.

Save as disclosed above, as at the Latest Practicable Date, no other material litigation or claim of material importance was pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business, had been entered into by members of the Group within two years immediately preceding the Latest Practicable Date:

- (a) the conditional sale and purchase agreement dated 16 April 2019 entered into among Million Glory Developments Limited (a wholly-owned subsidiary of the Company), Gold Vibe Holdings Limited and Mr. Pan in relation to the acquisition of a 40% equity interest in Golden Sphere Developments Limited and the relevant shareholders' loan by Million Glory Developments Limited at an initial consideration of approximately HK\$2,162 million;
- (b) the Solar Time Acquisition Agreement;
- (c) the conditional sale and purchase agreement dated 10 May 2020 (the "**May Agreement**") entered into between Golden Sphere Developments Limited (an indirect wholly-owned subsidiary of the Company) and Top Family Group Limited

- in relation to the sale and purchase of the entire issued share capital of and shareholder's loan owed by Gold Flair Holdings Limited (i.e. the Vendor) at the initial consideration of approximately HK\$7,040 million;
- (d) the termination agreement dated 17 July 2020 entered into by Golden Sphere Developments Limited (an indirect wholly-owned subsidiary of the Company) and Top Family Group Limited to terminate the May Agreement;
 - (e) the Prior Agreement;
 - (f) the Option Deed;
 - (g) the cancellation deed dated 27 July 2020 entered into among the Vendor, Sino Shield Limited, the Company and Mr. Pan in relation to the cancellation of the Prior Agreement with the payment of a sum of approximately HK\$2,872 million;
 - (h) the termination deed dated 27 July 2020 entered into among Agile World Limited, the Vendor, the Company and Mr. Pan in relation to the termination of the Option Deed;
 - (i) the Agreement;
 - (j) the legally binding conditional term sheet dated 2 September 2020 (as amended and supplemented by a supplemental term sheet dated 12 December 2020) entered into between Goldin Factoring Holdings Limited (a direct wholly-owned subsidiary of the Company) and Power Alpha Global Limited in relation to the disposal of the entire equity interest in Goldin Factoring Limited and shareholder's loan owed by Goldin Factoring Limited and its subsidiary at the consideration of HK\$2,050 million;
 - (k) the provisional agreement for sale and purchase dated 29 September 2020 (as amended by a deed of amendment and a side letter both dated 14 October 2020) entered into between the Company and Hundred Gain International Holding Limited in relation to the disposal of the entire issued share capital of Cheng Mei and Goal Eagle and all the debts owing by Cheng Mei and Goal Eagle to the Company and its associates (if any) immediately before completion of the said disposal at a total consideration of HK\$14.30 billion;
 - (l) the placing agreement dated 9 October 2020 (the "**Placing Agreement**") entered into between the Company and Titan Financial Services Limited in relation to the placing of up to 1,398,130,398 new Shares on a best effort basis at HK\$1.00 per new Share; and
 - (m) the termination agreement dated 13 November 2020 entered into between the Company and Titan Financial Services Limited to terminate the Placing Agreement.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualification
CBRE	independent professional valuer

CBRE has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report, which have been prepared for inclusion in this circular, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, CBRE did not have any shareholding in any member of the Group or the right (where legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, CBRE did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2020, being the date to which the latest published audited accounts of the Company were made up.

9. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Lun Hau Mun.
- (b) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and the principal place of business in Hong Kong is at 25/F, Goldin Financial Global Centre, 17 Kai Cheung Road, Kowloon Bay, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular shall prevail over the Chinese texts in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 25/F, Goldin Financial Global Centre, 17 Kai Cheung Road, Kowloon Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) for a period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 30 June 2019 and 2020;
- (c) the valuation report from CBRE in relation to the valuation of the Property, the text of which is set out in Appendix I to this circular;
- (d) the material contracts as referred to in the paragraph headed “Material contracts” in this appendix;
- (e) the written consent as referred to in the paragraph headed “Expert and consent” in this appendix;
- (f) this circular; and
- (g) the circular in relation to the Factoring Business Disposal.