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GOLD-FINANCE HOLDINGS LIMITED

金誠控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1462)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 4 May 2018, the Company entered into a non-legally binding MOU with the Vendor, pursuant to which the Company proposed to purchase, whether directly or through its subsidiaries, and the Vendor proposed to sell, 100% of the shares of the Target Company, which is incorporated in the Cayman Islands with limited liability. The Target Company is an investment holding company which is wholly-owned by the Vendor, who is a controlling Shareholder, an executive Director and the chairman of the Company. The Target Group is principally engaged in the businesses of wealth and asset management, fund sales and sales of financial products.

If the Proposed Acquisition materialises, immediately after the completion of the Proposed Acquisition, the Company will own 100% of the shares of the Target Company and will in turn indirectly own the entire equity interests of the PRC Subsidiary, a company incorporated in the PRC with limited liability and principally engages in provision of wealth and asset management services, and the financial results of the Target Company and the PRC Subsidiary will be consolidated into the financial results of the Group.

The Proposed Acquisition may or may not proceed. If the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

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If the Proposed Acquisition materialises, immediately after the completion of the Proposed Acquisition, the Company will own 100% of the shares of the Target Company and will in turn indirectly own the entire equity interests of the PRC Subsidiary, a company incorporated in the PRC with limited liability and principally engages in provision of wealth and asset management services, and the financial results of the Target Company and the PRC Subsidiary will be consolidated into the financial results of the Group.

MEMORANDUM OF UNDERSTANDING

The principal terms of the MOU are as follows:

Date:

4 May 2018

Parties:

- (i) the Company, as prospective purchaser ; and
- (ii) Mr. Wei Jie, as prospective vendor

As at the date of this announcement, Mr. Wei Jie is interested in 3,000,000,000 shares, representing in aggregate 75% of the total issued share capital of the Company, through entities controlled by him and therefore being a controlling Shareholder. He is also an executive Director and the chairman of the Company. As such, he is a connected person of the Company under Chapter 14A of the Listing Rules.

Proposed assets to be acquired

Subject to the parties entering into the formal agreement in relation to the Proposed Acquisition, the Vendor proposed to sell and the Company proposed to acquire 100% of the shares of the Target Company.

Consideration

The consideration for the Proposed Acquisition will be determined between the Vendor and the Company based on arm's length negotiation and set out in the formal agreement in relation to the Proposed Acquisition.

Exclusivity right

During the period of six (6) months (the “**Exclusivity Period**”) from the date of the MOU (or such later date as the parties may agree in writing), the Vendor shall not dispose any of his shares of the Target Company to any other third party, and shall not solicit any third party to deal in any of the shares of the Target Company.

Validity period

The MOU shall be valid until the earlier of:

- (i) the date of execution of the formal agreement in relation to the Proposed Acquisition; or
- (ii) the expiry of the Exclusivity Period.

Legal binding effect

Except for the clauses on exclusivity, confidentiality, validity, dispute resolution and governing law, other clauses set out in the MOU are subject to the negotiation and execution of the formal agreement in relation to the Proposed Acquisition and shall not be binding upon the Company and the Vendor.

INFORMATION OF THE TARGET GROUP

The Target Group is principally engaged in businesses of wealth and asset management, fund sales and sales of financial products. The Target Company is an investment holding company which is wholly-owned by the Vendor. The Target Company indirectly held 100% equity interest of PRC Subsidiary, a company incorporated in the PRC with limited liability. The PRC Subsidiary is a wealth and asset management service provider in the PRC with a focus on investment and asset allocation services for high net worth individuals and enterprises. As at the date of this announcement, the PRC Subsidiary is one of the four organisations in Zhejiang Province in the PRC which have obtained the fund sales license from the CSRC under the category of independent fund sale agencies. The PRC Subsidiary ranks the 12th among all third party wealth management providers which hold such license on sale of public fund products. It was awarded by the CSRC in July 2013 the certificate on qualifications for engagement in the sale of funds in the PRC and registered under the AMAC in April 2014 as a private equity fund manager. The cumulative number of registered clients of the PRC Subsidiary for the year ended 31 December 2017 was 18,336. The number of active clients of the PRC Subsidiary who purchased wealth and asset management products distributed by the PRC Subsidiary for the year ended 31 December 2017 was 3,572. Up to the date of this announcement, the PRC Subsidiary has established seven branches covering Zhejiang province, Jiangsu province, Shandong province, Fujian province, Guangdong province and Hunan province in the PRC. Its extensive and targeted business network covers operations in the provinces known for their economic prosperity and competitiveness which are areas with concentrated high net worth individuals and enterprises. As at 31 March 2018, it maintained a team of 682 financial planners, relationship managers and executives. As at 30 April 2018, the PRC Subsidiary has established connections with 47 fund companies and distributed 1,870 public fund products. For each of the three years ended 31 December 2015, 2016 and 2017, it distributed approximately RMB8.6 billion, RMB9.3 billion and RMB14.4 billion worth of wealth and asset management products respectively, representing an average annual growth rate of more than approximately 30%. The aggregate target value of wealth and asset management products distributed by the PRC Subsidiary for the year ended 31 December 2018 is expected to be approximately RMB20 billion, representing a target growth of approximately 40% as compare to that for the year ended 31 December 2017.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group has expanded its business portfolio into the areas of investment and asset management services with focuses on the infrastructure and urban development projects. There are 29 private equity funds (the “**Funds**”) under the management of the Group as at 31 March 2018. As at 31 March 2018, the total asset under management of the Funds amounted to approximately RMB10.6 billion and the aggregate target fund size of the Funds is expected to be approximately RMB23.2 billion. The Directors anticipate that there would be a high year by year growth of the Group’s business in the areas of investment and asset management after considering the favourable policies of the PRC government in support of the infrastructure and urban development projects and the historical growth rate of private equity fund in 2017 published by the AMAC.

In light of the above and having considered that (i) the PRC Subsidiary holds the fund sales license issued by the CSRC in relation to the sales and marketing of third party funds; and (ii) the PRC Subsidiary possesses a large and strong sales team and has established connections with and access to sophisticated investors in the PRC, the Directors consider that the Proposed Acquisition, if materialises, could highly enhance the capabilities of the Group’s fund sales team and increase the revenue of the Group from the management fees which rely on the subscription amounts/sales situation of the Funds. By leveraging on the PRC Subsidiary’s expertise and connections as well as its ability to sell the Group’s current Funds together with other third party funds, the Directors are of the view that it could enhance the Company’s profitability and achieve a better return for the Shareholders.

According to the report delivered by Mr. Xi Jinping, the President of the PRC, at the 19th National Congress of the Communist Party of China, the PRC will deepen the institutional reform in the PRC’s financial sector to make it better serve the real economy which is a long-term task and national development strategy in the PRC (the “**National Strategy**”). The Group is in line with the National Strategy to act as an important financing source to further and better serve the real economy with focuses mainly on infrastructure and urban development projects. The Group considers that the Proposed Acquisition, if materialises, could enhance the fund raising ability of the Funds and generate synergies among sales, management and operation sections of the Group’s investment and asset management business.

In view of the above, the Board considered that the terms of the MOU are fair and reasonable and the Proposed Acquisition is in the interests of the Company and its Shareholders as a whole.

GENERAL

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and that the Company and the Vendor have not entered into any legally binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

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

“AMAC”	the Asset Management Association of China
“Board”	the board of directors of the Company
“Company”	Gold-Finance Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1462)
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 4 May 2018 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China

“PRC Subsidiary”	浙江金觀誠基金銷售有限公司 (Zhejiang Jin Guan Cheng Fund Sales Company*), a company incorporated in the PRC with limited liability
“Proposed Acquisition”	the proposed acquisition of 100% of the shares of the Target Company by the Company from the Vendor, subject to the entering of the formal agreement in relation to the Proposed Acquisition of the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange	The Stock Exchange of Hong Kong Limited
“Target Company”	an investment holding company incorporated in the Cayman Islands with limited liability, and is wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries, including the PRC Subsidiary
“Vendor”	Mr. Wei Jie, the controlling Shareholder, an executive Director and the chairman of the Company

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

Hong Kong, 4 May 2018

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

* *For identification purpose only*