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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 THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE DISPOSAL COMPANY AND THE SHAREHOLDER'S LOAN**

#### **THE DISPOSAL**

On 10 May 2020, (i) the Vendor, an indirect wholly-owned subsidiary of the Company and (ii) the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Share and the Shareholder's Loan at the initial Consideration of HK\$7,040,479,250 (subject to adjustment).

#### **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal as contemplated under the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements. The initial Consideration is subject to adjustment at completion of the Disposal in accordance with the Sale and Purchase Agreement and the applicable percentage ratios will be reassessed and is therefore subject to change.

So far as the Company is aware after making reasonable enquiries, none of the Shareholders has a material interest in, and would be required to abstain from voting on, the resolutions to approve the Disposal and the transactions contemplated thereunder and none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the Sale and Purchase Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The written approval of Mr. Pan personally and through 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 this announcement, has been obtained in respect of the Disposal. Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Disposal.

#### **GENERAL**

A circular containing, among other things, (i) further details of the Disposal; (ii) the valuation report on the Property; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 29 May 2020 in accordance with the Listing Rules.

**Completion of the Sale and Purchase Agreement is subject to the fulfilment or waiver (as the case may be) of the conditions precedent thereto, and accordingly may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

#### **THE SALE AND PURCHASE AGREEMENT**

On 10 May 2020, (i) the Vendor, an indirect wholly-owned subsidiary of the Company and (ii) the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Share and the Shareholder's Loan at the initial Consideration of HK\$7,040,479,250 (subject to adjustment).

Set out below are the principal terms of the Sale and Purchase Agreement.

**Date:** 10 May 2020

**Parties:** (i) Golden Sphere Developments Limited (as the Vendor)  
(ii) Top Family Group Limited (as the Purchaser)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are the Independent Third Parties.

#### **Assets to be disposed of**

- (i) the Sale Share, being the entire issued share capital of the Disposal Company; and
- (ii) the Shareholder's Loan, being the outstanding loan due by the Disposal Company to the Vendor as at Completion.

The Sale Share and the Shareholder's Loan shall be sold/assigned free from all encumbrances upon Completion. As at 31 March 2020, the Shareholder's Loan amounted to approximately HK\$5,645 million.

The Vendor undertakes to, at its own cost and expense, settle the outstanding arrears of the Bank Loans and discharge all the relevant bank security documents on Completion to the intent that the Sale Share and the Property shall be sold free from any encumbrances upon Completion and obtain the physical documents of the relevant discharge or release of such bank security documents duly executed by the relevant banks. As at 31 March 2020, the Bank Loans amounted to approximately HK\$3,563 million.

#### **Consideration and payment terms**

The initial Consideration for the Sale Share and the Shareholder's Loan is HK\$7,040,479,250, being the agreed value of the Property on an "as-is" basis, is subject to adjustments in accordance with the Sale and Purchase Agreement at Completion as described below, which shall be payable by the Purchaser in the following manner:

- (i) as to HK\$704,047,925, being 10% of the initial Consideration as deposit ("**Deposit**"), which shall be payable to the Vendor or the Vendor's solicitors (as agreed between the parties) within fifteen business days from the date of fulfilment of all the conditions precedent to the Sale and Purchase Agreement as referred to in the below section headed "Conditions precedent" and upon confirmation by Vendor to the Purchaser confirming all the conditions precedent are satisfied. In the event that such Deposit is payable to the Vendor's solicitors, the Vendor's solicitors shall hold the Deposit in escrow, the Deposit of which shall be in the form of a bank draft and in the name of the Vendor, who shall release the Deposit to the Vendor after the Vendor's solicitors has provided a confirmation letter to the Purchaser confirming that the balance of the initial Consideration shall be sufficient for paying off all the outstanding indebtedness due by the Disposal Group to all their creditors (including without limitation the Bank Loans) at Completion (other than the Shareholder's Loan and those provided in the Proforma Accounts as referred to below);

- (ii) as to the remaining balance (after taking into account the Deposit paid and the adjustment based on the Proforma Accounts as stated below less the Retention Amount as referred to in (iii) below), which shall be payable at Completion; and
- (iii) as to HK\$140,809,585, being 2% of the initial Consideration (“**Retention Amount**”) which shall be payable within five days from the date of receipt of the Final Accounts.

The actual Consideration shall be adjusted in the following manner:

- (a) initially adjusted at the time of Completion in accordance with the proforma Completion Accounts (“**Proforma Accounts**”), which shall add the assets being (1) prepayment; and (2) cash at bank, and minus the liabilities being (1) trade payables; (2) other payables; (3) accrued outgoings; and (4) accrued expenses of the Disposal Group as at Completion; and
- (b) after Completion and following the delivery of the Completion Accounts (“**Final Accounts**”), which shall be prepared by the Vendor and approved by the Purchaser, further adjusted based on the actual NAV of the Disposal Group, which shall include, *inter alia*, all assets and liabilities of the Disposal Group up to and inclusive of the Completion Date. The Vendor shall at its own cost prepare the consolidated balance sheet of the Disposal Company and deliver the same (as certified by a director of the Disposal Company) to the Purchaser within 20 days from the Completion Date. In the event that the NAV as shown in the Final Accounts is more than the NAV as shown in the Proforma Accounts, the Purchaser shall pay the difference to the Vendor within five days from the date of receipt of the Final Accounts. Notwithstanding the foregoing, the Purchaser shall pay the Retention Amount within five days from the date of receipt of the Final Accounts and the payment of the Retention Amount shall be treated separately. In the event that the NAV as shown in the Final Accounts is less than the NAV as shown in the Proforma Accounts, the Vendor shall pay, by way of refund, the difference within five days from the date of receipt of the Final Accounts. In this case, the Purchaser may set off such sum payable to it against the Retention Amount payable by it but for the avoidance of doubt, if the refund payable to it is more than the Retention Amount, the Vendor shall still be liable to pay the excess refund amount after such set-off to the Purchaser within five days from the date of receipt of the Final Accounts.

For the purpose of adjustment of the Consideration, the following items are not adjusting items in the Proforma Accounts and the Final Accounts and will be disregarded in the calculation of NAV:

- (i) value of the Property;
- (ii) any amount in relation to demolition works and construction works carried out on the Property to the extent that such amount could be capitalised as an asset of the Company;

- (iii) intangible asset of any nature;
- (iv) Shareholder's Loan and related accrued interest;
- (v) any amount due to or due from the directors, immediate holding company, intermediate holding company or ultimate holding company, or fellow subsidiaries of the Company and related accrued interest;
- (vi) Bank Loans which shall have been repaid by the Vendor upon Completion in accordance with the Sale and Purchase Agreement; and
- (vii) any deferred tax asset.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, (i) the sum of the value of the Property of HK\$7,000 million as appraised by an independent valuer as at 31 March 2020 and the NAV as at Completion based on the Final Accounts; and (ii) the reasons for and benefits of the Disposal as detailed in the below section headed "Reasons for and benefit of the Disposal".

### **Conditions precedent**

Completion shall be subject to and conditional upon the following conditions being fulfilled or satisfied on or before the Completion Date:

- (i) the warranties remaining true and accurate and not misleading from the date of the Sale and Purchase Agreement up to and including the Completion Date;
- (ii) the Vendor having obtained the shareholders' approval of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder as required under the Listing Rules; and
- (iii) the obtaining of all the written consents of the banks for the early repayment of the Bank Loans and the discharge or release of the bank security documents.

The above conditions precedent may be waived by the Purchaser, save for conditions (ii) and (iii) which cannot be waived by either parties. If any of the above conditions precedent is not fulfilled (or waived) on or before the Completion Date, being the expected Completion Date, the Purchaser may solely (but is not obliged to) extend the Completion Date to a date not more than twelve months from the date of the Sale and Purchase Agreement.

### **Completion**

Completion shall take place on 30th business days from the date of the Sale and Purchase Agreement (or such later date as agreed between the parties) after fulfilment (or waiver) of the conditions precedent to the Sale and Purchase Agreement provided that if any of

the conditions precedents shall not be satisfied (or waived) by the Completion Date, the Purchaser may extend the Completion Date as referred to in the above section headed “Conditions precedent”.

### **Termination**

Should the transactions contemplated in the Sale and Purchase Agreement fail to be completed due to the Purchaser’s fault, the Deposit shall be unconditionally and irrevocably forfeited to the Vendor and the Vendor shall have the sole and absolute discretion to terminate the Sale and Purchase Agreement without prejudice to its right to claim against the Purchaser for further damages and/or for specific performance of the Sale and Purchase Agreement.

Should the transactions contemplated in the Sale and Purchase Agreement fail to be completed due to the Vendor’s fault, the Deposit shall be returned to the Purchaser and the Vendor shall pay to the Purchaser a sum being equal to the sum of the Deposit as pre-agreed liquidated damages for such failure, and the Purchaser shall have the sole and absolute discretion to terminate the Sale and Purchase Agreement without prejudice to its right to claim against the Vendor for further damages and/or for specific performance of the Sale and Purchase Agreement.

### **Assignment**

Neither the Vendor nor the Purchaser shall assign, or agree or purport to assign, all or any part of the obligations and benefit of, or its rights or benefits under, the Sale and Purchase Agreement (together with any causes of action arising in connection with any of them) to any person without the prior written consent of the other party, provided that such written consent shall not be unreasonably withheld and the assignee of the Purchaser shall have sufficient assets worth at least the amount of the Consideration.

## **INFORMATION OF THE DISPOSAL GROUP AND THE PROPERTY**

### **The Disposal Company**

As at the date of this announcement, the Disposal Company is an investment holding company incorporated in the BVI with limited liability. The Disposal Company currently holds the entire equity interest in Rich Fast, a property investment holding company incorporated in Hong Kong with limited liability and the principal asset of which is the Property. Other than the Property, the Disposal Group does not have any other material assets.

### **The Property**

The Property is located within the Kai Tak Development and 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. It shall be developed for private residential use. As at the date of this announcement, foundation work has yet to be commenced.

The unaudited consolidated financial information of the Disposal Group since the date of incorporation on 26 October 2018 is set out below:

	<b>For the period from 1 July 2019 to 31 March 2020</b>	<b>For the period from 26 October 2018 (date of incorporation) to 30 June 2019</b>
	<i>HK\$'000</i> <i>(approximate)</i>	<i>HK\$'000</i> <i>(approximate)</i>
Loss before taxation and extraordinary items	(6,682)	(6,591)
Loss after taxation and extraordinary items	(6,682)	(6,591)

As at 31 March 2020, the unaudited consolidated net liabilities of the Disposal Group amounted to approximately HK\$13 million. The unaudited adjusted consolidated net liabilities of the Disposal Group as at 31 March 2020 would amount to approximately HK\$2,237 million (“**Adjusted NAV**”) after taking into account the market value of the Property as at 31 March 2020 of HK\$7,000 million as appraised by an independent valuer. Assuming Completion would have taken place on 31 March 2020, the initial Consideration shall be adjusted by the NAV in accordance with the Sale and Purchase Agreement in the negative amount of approximately HK\$39 million, which is calculated by adding back to the Adjusted NAV (i) the Bank Loan of approximately HK\$3,563 million as at 31 March 2020; and (ii) the Shareholder’s Loan of approximately HK\$5,645 million as at 31 March 2020 and less (i) the value of the Property of HK\$7,000 million; and (ii) the agreed government rent payable of approximately HK\$10 million which shall be included in the Final Accounts.

#### **INFORMATION ON THE PURCHASER AND THE VENDOR**

As at the date of this announcement, the Purchaser is a company incorporated in the BVI with limited liability, and is principally engaged in investment holding.

As at the date of this announcement, the Vendor is a company incorporated in the BVI with limited liability principally engaging in investment holding, and an indirect wholly-owned subsidiary of the Company.

#### **FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS**

Immediately after the Completion, each member of the Disposal Group will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Disposal Group will no longer be consolidated into the Group’s financial statements.

Based on the initial Consideration, the net proceeds arising from the Disposal (after deducting other expenses in relation thereto) is expected to be approximately HK\$7,040 million before deducting the amount to settle the Bank Loans together with the accrued interests up to the Completion Date. The Group intends to apply the net proceeds from the Disposal for repayment of borrowings and general working capital.

Subject to review by the Company's auditors, the Group currently expects to record a loss arising from the Disposal of approximately HK\$2,571 million, which is calculated with reference to the Consideration of approximately HK\$7,002 million assuming Completion would have taken place on 31 March 2020 less the aggregate of (i) the unaudited consolidated net liability value of the Disposal Group of approximately HK\$13 million as at 31 March 2020; (ii) the outstanding amount of the Shareholder's loan as at 31 March 2020 of approximately HK\$5,645 million; (iii) the outstanding amount of the Bank Loans as at 31 March 2020 of approximately HK\$3,563 million; and (iv) additional finance cost borne by the Company of approximately HK\$378 million.

Shareholders should note that the actual amount of the loss on the Disposal to be recognised in the consolidated financial statements of the Company will be determined based on the final amount of the Consideration and the financial position of the Disposal Group upon Completion and therefore may be different from the amount mentioned above.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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.

In light of the rising challenge of the business environment brought by the weakening of global economy and the decline of economic activities in Hong Kong showing signs of economic contraction, the Directors consider that the property development market in Hong Kong remains uncertain in the long run and hence, considering the preliminary stage of development of the Property and the significant capital required for the project, the Directors adopted a prudent approach to retain more cash for the Group's existing business, against the uncertain outlook in the property market and the overall economic downturn in Hong Kong. The proceeds from the Disposal would be primarily used to reduce the Group's borrowings, thereby enhancing its financial flexibility as a whole.

Having considered the above, the Directors are of the view that the terms of the Sale and Purchase Agreement have been made on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal as contemplated under the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements. The initial Consideration is subject to adjustment at completion of the Disposal in accordance with the Sale and Purchase Agreement and the applicable percentage ratios will be reassessed and is therefore subject to change.

So far as the Company is aware after making reasonable enquiries, none of the Shareholders has a material interest in, and would be required to abstain from voting on, the resolutions to approve the Disposal and the transactions contemplated thereunder and none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the Sale and Purchase Agreement upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The written approval of Mr. Pan personally and through 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 this announcement, has been obtained in respect of the Disposal. Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Disposal.

## **GENERAL**

A circular containing, among other things, (i) further details of the Disposal; (ii) the valuation report on the Property; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 29 May 2020 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“Bank Loan(s)”	the facilities obtained by the Disposal Group from different banks and financial institutions for financing the payment of the land premium and the estimated construction costs for the purpose of developing the Property in the outstanding amount of approximately HK\$3,563 million as at 31 March 2020
“Board”	the board of Directors

“BVI”	the British Virgin Islands
“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 Sale and Purchase Agreement
“Completion Accounts”	consolidated balance sheet of the Disposal Group as at the Completion Date
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Share and the Shareholder’s Loan, subject to adjustments in accordance with the terms of the Sale and Purchase Agreement
“Controlled Companies”	Clear Jade International Limited, Goldin Equities Limited and Goldin Global Holdings Limited, all controlled corporate entities beneficially wholly owned by Mr. Pan, that held an aggregate of 4,714,821,634 Shares as at the date of this announcement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Company”	Gold Flair Holdings Limited, an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Disposal Group”	the Disposal Company and its subsidiary
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) which is/are independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pan”	Mr. Pan Sutong, being the Chairman of the Board, an executive Director and a controlling Shareholder as at the date of this announcement
“NAV”	the aggregate of all current assets (including without limitation cash) of the Disposal Group (excluding the value of the Property, other fixed assets and receivables (to the extent that these receivables are aged for more than 30 days)) less the aggregate of all liabilities (excluding the Shareholder’s Loan and including all the utilities, the agreed government rent and rates accrued up to Completion Date and all the costs and professional fees in relation to the construction carried out on the Property accrued up to Completion Date and the relevant fees for termination of such contracts) to be determined with reference to the Completion Accounts
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“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
“Purchaser”	Top Family Group Limited, being the purchaser to the Sale and Purchase Agreement
“Rich Fast”	Rich Fast International Limited, a wholly-owned subsidiary of the Disposal Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 10 May 2020 entered into between the Purchaser and the Vendor in relation to the Disposal
“Sale Share”	representing entire issued share capital of the Disposal Company
“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)

“Shareholder’s Loan”	all sum of money advanced by way of loan by the Vendor (and/ or any person or entity associated with the Vendor) to the Disposal Company which are due and outstanding as at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Golden Sphere Developments Limited, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, being the vendor to the Sale and Purchase Agreement
“sq. m.”	square metre(s)
“%”	per cent.

By order of the Board  
**Goldin Financial Holdings Limited**  
 高銀金融(集團)有限公司\*  
**Hui Wai Man, Shirley**  
*Executive Director*

Hong Kong, 10 May 2020

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

\* *for identification purposes only*