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## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**If you have sold or transferred** all your shares in Gold-Finance 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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## GOLD-FINANCE HOLDINGS LIMITED

### 金誠控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1462)**

## CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF SALES AND CUSTOMER SERVICES

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board is set out on pages 5 to 29 of this circular. A letter from the Independent Board Committee is set out on pages 30 to 31 of this circular. A letter from Sunfund Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 45 of this circular.

A notice convening the EGM to be held at 2806–2807, 28/F., Champion Tower, 3 Garden Road, Central, Hong Kong on Monday, 28 August 2017 at 10:30 a.m. is set out on pages 53 to 54 of this circular. A proxy form for use at the EGM is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.gold-finance-gp.com.hk](http://www.gold-finance-gp.com.hk).

Whether or not you propose to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

11 August 2017

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
<b>Letter from the Independent Board Committee</b> .....	30
<b>Letter from the Independent Financial Adviser</b> .....	32
<b>Appendix — General Information</b> .....	46
<b>Notice of EGM</b> .....	53

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Caps”	the maximum aggregate Service Fees payable by Jin Kai Yuan Guan and its subsidiaries to Jin Guan Cheng under the Framework Agreement for the relevant period in a financial year
“Company”	Gold-Finance Holdings Limited, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange (stock code: 1462)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Framework Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, if thought fit, the Framework Agreement and the Caps
“Framework Agreement”	the framework agreement dated 20 June 2017 (as supplemented by the Supplemental Agreement) entered into between Jin Kai Yuan Guan and Jin Guan Cheng in relation to the provision of Sales and Customer Services
“Fund Investors”	the investors of the Funds
“Funds”	the private PRC funds established and operated by Jin Kai Yuan Guan and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Framework Agreement and the Caps
“Independent Financial Adviser” or “Sunfund”	Sunfund Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Caps
“Independent Shareholders”	the shareholders of the Company other than Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (as defined under the Listing Rules) of the Company
“Investment and Asset Management Business”	the new side business in the areas of investment and asset management being developed by the Group
“Jin Guan Cheng”	浙江金觀誠財富管理有限公司 (Zhejiang Jin Guan Cheng Asset Management Company Limited*), a company established in the PRC with limited liability and under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company
“Jin Kai Yuan Guan”	杭州金開圓觀投資管理有限公司 (Hangzhou Jin Kai Yuan Guan Investment Management Company Limited*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Jin Zhong Xing”	杭州金仲興投資管理有限公司 (Hangzhou Jin Zhong Xing Investment Management Company Limited*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Jin Kai Yuan Guan
“Latest Practicable Date”	9 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“PPP”	refers to a partnership between the PRC government and the private sector that is used to finance, build and operate projects such as public transportation networks, city urbanisation and infrastructure development
“PPP Projects”	PPP projects in the PRC with focuses primarily on government infrastructure development, including but not limited, to unique town development
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Customer Services”	the provision of (i) sales and marketing services by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries, which primarily include procuring the Fund Investors to subscribe or apply for limited partnership interests in the Funds, facilitating the Fund Investors to redeem their limited partnership interests in the Funds (if applicable), assessing the Fund Investors’ risk tolerance level, reviewing the information of the Fund Investors and assisting the Fund Investors in executing the required documentation for investment in the Funds; and (ii) customer services by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries which primarily include handling enquiries and complaints from the Fund Investors regarding the Funds or their investment in the Funds, and providing the Fund Investors transaction confirmations, marketing materials, etc.
“Service Fees”	fees for the Sales and Customer Services provided by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Supplemental Agreement”                    the supplemental agreement to the Framework Agreement dated 4 August 2017 entered into between Jin Kai Yuan Guan and Jin Guan Cheng in relation to the amendment to the Caps

“%”    per cent.

*Amounts denominated in RMB has been converted into HK\$ at an exchange rate of RMB1 to HK\$1.15 for the purpose of illustration only.*

\*     *For identification purpose only.*



**GOLD-FINANCE HOLDINGS LIMITED**

**金誠控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1462)**

*Executive Directors:*

Mr. Wei Jie (*Chief Executive Officer*)  
Ms. Xu Li Yun  
Mr. Wong Kam Ting

*Independent non-executive Directors:*

Mr. Niu Zhongjie  
Mr. Cheung Ying Kwan  
Mr. Chen Zhao

*Registered office:*

Clifton House  
75 Fort Street, P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

2806–2807, 28/F.  
Champion Tower  
3 Garden Road  
Central, Hong Kong

11 August 2017

Dear Shareholder(s),

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
PROVISION OF SALES AND CUSTOMER SERVICES**

**INTRODUCTION**

As announced by the Company on 20 June 2017, Jin Kai Yuan Guan and Jin Guan Cheng entered into the Framework Agreement in relation to the provision of Sales and Customer Services. The purpose of this circular is to provide you with further information regarding the Investment and Asset Management Business, the Continuing Connected Transactions, the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Continuing Connected Transactions and the Caps; the letter of recommendation from the Independent Board Committee after taking into account of the advice of the Independent Financial Adviser in relation to the terms of the Continuing Connected Transactions and the Caps; and the EGM Notice.

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## LETTER FROM THE BOARD

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### INVESTMENT AND ASSET MANAGEMENT BUSINESS

#### Business Overview

The Investment and Asset Management Business involves the provision of tailor-made wealth management solutions for high net-worth and mass affluent population in the third-party wealth management services industry of the PRC, with focuses primarily in Zhejiang Province. The headquarter of the Investment and Asset Management Business is in Hangzhou, Zhejiang Province, the PRC. In September 2016, the Group established Jin Kai Yuan Guan and in November 2016, the Group acquired Jin Zhong Xing. The primary purpose of Jin Kai Yuan Guan and Jin Zhong Xing is for the operation of the Investment and Asset Management Business.

In respect of the Investment and Asset Management Business, the Group identifies investment opportunities in PPP Projects and then markets such projects to investors (namely high net-worth and mass affluent populations in the PRC) through the establishment of an investment vehicle by way of a fund structure for the investors to invest in the PPP projects. The Group also provides investment management services to the investment vehicle by managing the investment vehicle and assisting the investors to realise their investment returns throughout the term of the fund.

As stated in the Company's announcement dated 13 June 2017, Jin Zhong Xing has established eight Funds between 1 January 2017 and 7 June 2017 with an aggregate target fund size of approximately RMB8.6 billion. As at the Latest Practicable Date, the total asset under management of the said Funds amounted to approximately RMB4.7 billion.

The Investment and Asset Management Business generates revenue primarily through management fees obtained from the investors having invested into the investment vehicles by virtue of the Group's provision of investment management services to such investment vehicles. The management fee scales are determined on a product-by-product basis and with reference to the Group's internal pricing strategies, as well as the Group's assessment of the fees charged by other wealth management providers on comparable products to ensure the Group's sustainable competitiveness.

#### Business Model

The business model of the Investment and Asset Management Business primarily involves the provision of financing and investment consultancy services having considered the needs and preferences of both the financing clients and the ultimate investors. The Group manages investments into PPP Projects through a limited liability partnership private fund or a contractual-type private fund structure (the "PPP Fund"). After an investment opportunity in a PPP Project is identified, the Group markets such investment opportunity to investors (namely high net-worth and mass affluent populations in the PRC) and arrange for the establishment of the PPP Fund for the investors to invest into the PPP Project. The PPP Fund is established with the investors as limited partners and Jin Zhong Xing as the general and managing partner. Accordingly, investment is made by the PPP Fund into the PPP Project. Jin Zhong Xing, as general partner, provides investment management services to the PPP Fund by operating and managing the PPP Fund. The



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## LETTER FROM THE BOARD

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Group then derives revenue primarily from collecting management fees from the PPP Fund in relation to its provision of investment management services to the PPP Fund and assistance to the investors in realising their investment returns throughout the term of the PPP Fund.

The Investment and Asset Management Business focuses mainly on self-development and distribution of private fund products of various PPP Project which cater for specific wealth management needs and risk profiles of the investors (namely high net-worth and mass affluent populations in the PRC).

In providing tailor-made wealth management solutions, the Group takes into account of the respective wealth management preferences of the financing clients of the PPP Projects as well as the investors to foster a streamlined mechanism, which comprises due diligence and assessment of the PPP Projects, market research, design and structuring of product features as well as distribution and marketing of private fund products, in order to meet the prevailing needs of the financing clients and the investors. The PPP Funds typically invest in the PPP Projects, all of which offer a variable rate of return which are designed to achieve the objectives of the investors of capital appreciation.

The key steps involved in investments under the PPP Funds are summarised below:

***Step 1: Identifying investment opportunities and marketing investment opportunities to the investors***

With the accumulation of the expertise and experience of the management, Jin Zhong Xing is able to identify potential investment opportunities and gain direct investment access to PPP Project. After conducting satisfactory due diligence and feasibility studies on the potential PPP Projects, discussion will be made with the Fund Investment Department for the design of an optimal financing structure with reference to the financing requirements of the financing clients and other relevant considerations. Once a suitable PPP Project has been identified and the financing terms have been concluded, Jin Zhong Xing will commence marketing activities regarding the potential investments to gauge interest from the investors.

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## LETTER FROM THE BOARD

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### *Step 2: Establishment of the PPP Fund*

Jin Zhong Xing, as general partner, will arrange for the establishment of the PPP Funds either in the form of a limited liability partnership private fund or a contractual-type private fund. In a limited liability partnership private fund structure, Jin Zhong Xing will arrange for the establishment of several limited liability partnerships as subordinate funds whereby they will collectively facilitate a parallel pool of direct or indirect investments into the parent fund, which is established by the subordinate funds through a collaborative agreement entered into among themselves. Such structure typically involves (a) a limited liability partnership (as parent and/or subordinate funds), (b) a custodian bank and (c) state-owned enterprise/finance bureaus (as part of risk control measures). The PPP Funds will become the investment vehicles for the investors to invest into the PPP Projects.

Jin Zhong Xing will enter in a legally binding subscription agreement and partnership agreement with all the investors and the relevant PPP Funds, pursuant to which the investors will become limited partners and Jin Zhong Xing will become the managing and general partner of the PPP Funds. Under the partnership agreement, Jin Zhong Xing, as managing and general partner, is not required to make any capital contribution or investment subscription to the PPP Funds. The partnership agreement will govern the provision of investment management services provided by Jin Zhong Xing to the PPP Funds and the fees payable to Jin Zhong Xing by the PPP Funds.

### *Step 3: Investing into the PPP Project*

After the investors have committed to invest by way of executing the subscription agreement and the partnership agreement, Jin Zhong Xing then on behalf of the PPP Fund will enter into a loan agreement with the PPP project company that owns the PPP Project (the “**Project Company**”) such that Jin Zhong Xing is empowered to direct the investment subscriptions to the Project Company to facilitate the financing of the operations of the PPP Project. The PPP Fund will apply the investment amounts from the investors, after deduction of its operating costs and expenses, to the PPP Projects through such debt arrangements.

### *Step 4: Providing investment management services to the PPP Fund and paying investment returns to the investors*

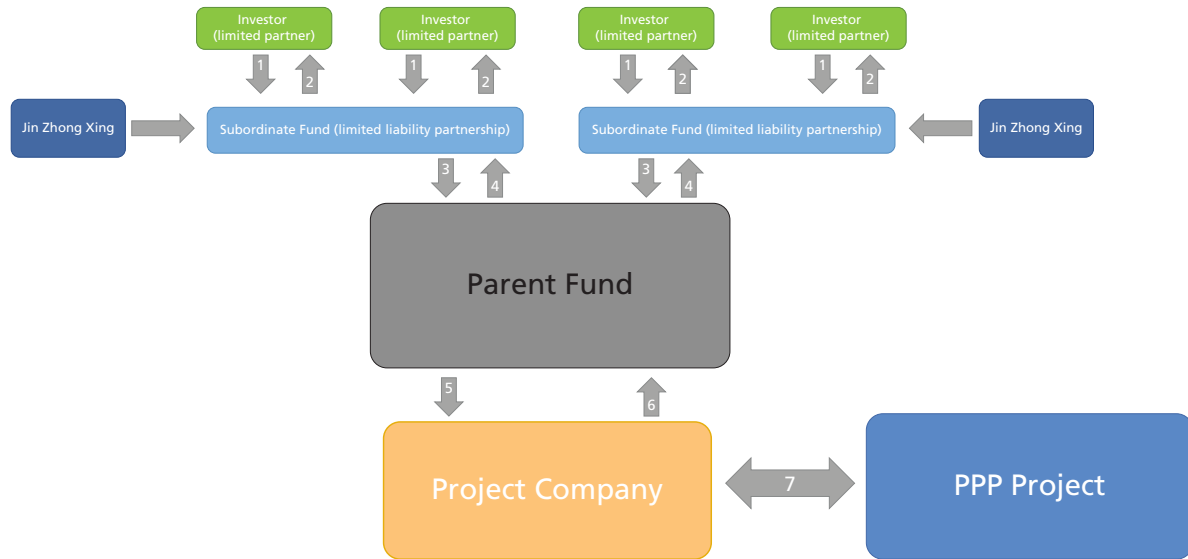
Jin Zhong Xing, as the general partner of the PPP Funds, provides investment management services to the PPP Funds which include, among others, ongoing monitoring of the PPP Projects, execution and other matters relating to the management of the PPP Funds such as compliance issues, manner of application of investment proceeds as well as status of repayment of investment principal and interests. In return, Jin Zhong Xing will receive management fees from the PPP Funds.

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## LETTER FROM THE BOARD

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The typical structure of the PPP Funds is set out in the diagram below:



*Notes:*

- (1) (2) (3) The inter-relationship between the limited liability partnerships (the subordinate funds) as well as the investors (as limited partners) and Jin Zhong Xing (as general and managing partner) is governed by the subscription agreement, the partnership agreement and the collaborative agreement.
- (4) A number of the subordinate funds subscribed into the parent fund for the purpose of establishment of the parent fund.
- (5) Jin Zhong Xing, on behalf of the parent fund (as the lender), will enter a loan agreement with the Project Company (as the borrower) by lending the subscription amounts obtained from the investors to the Project Company.
- (6) Revenue from the variable rate of return is generated from the PPP Project to the investors.
- (7) The Project Company will inject the capital into the PPP Project. In return, return from the PPP Project will be distributed to the investors.

### **Investment Vehicle**

#### ***Limited liability partnership private fund***

Limited liability partnership private fund is the typical PPP Fund structure adopted by Jin Zhong Xing for the Investment and Asset Management Business. Under such arrangement, upon coming up with a financing structure based on the financing needs of the relevant PPP Project, Jin Zhong Xing, as the general and managing partner, will establish several limited liability partnerships as subordinate funds whereby they will collectively facilitate a parallel pool of direct or indirect investment into the parent fund under the same set of terms. By organising marketing events as well as compiling investment catalogues, Jin Zhong Xing strives to raise the requisite investment funds for the parent

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## LETTER FROM THE BOARD

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fund through the investors subscribing for interests, as limited partners, in the subordinate limited liability partnerships, of which the business scope is usually confined to investments in specific project categories on, without limitation, infrastructure projects.

### *Rights and obligations of constituting partners*

For the purpose of a limited liability partnership, there are two types of partners, namely limited partners and general partners. Limited partners assume legal obligations to the limited extent up to their respective partnership interests held. They generally do not participate in the management of the partnership's operational affairs, do not represent the partnership in the execution of any documentation and do not engage in any legally-binding actions or commitments on behalf of the partnership. On the other hand, general partners (which, in a vast majority of cases, also take up the role of managing partner) enjoy an exclusive and excludable right to partnership management, including but not limited to the following aspects:

- to hold the partnership's assets and exercise rights arising from the partnership's investments;
- to appoint investment manager for and on behalf of the partnership for making investment decisions;
- to pursue investment-related activities and other business objectives;
- to manage, maintain and distribute the partnership's assets such as investment assets, non-investment assets, intellectual property rights, etc.;
- to carry out all necessary measures on behalf of the partnership to facilitate its continuing legal subsistence as well as launch of operational activities;
- to hire professionals, intermediaries and/or consultants for the purpose of provision of services to the partnership;
- to enter into and/or amend partnership management agreement and custodian agreement;
- to execute documentations with external parties for and on behalf of the partnership;
- to alter the principal place of business of the partnership;
- to approve on the initial subscription of partnership interests by new partners and/or additional subscription by existing partners; and
- to pursue all other steps or actions necessary for the pursuance of the partnership objectives and/or for the protection of lawful interests of the partnership.

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## LETTER FROM THE BOARD

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Upon completion of partnership establishment, the managing partner is obliged to designate, in writing, the partnership management responsibility to a managing representative and shall capture benefits to the largest extent possible for the partnership as a whole. In the event of rotation of representative, the general/managing partner shall also notify all limited partners and accordingly proceed with registration/recordation procedures as well as execution of relevant legal documentations. The managing partner shall ensure the consistency in the composition of its key personnel throughout the operational period of the partnership, or else limited partners aggregately holding over one-third of partnership interests could opt for dissolution of that partnership within a specified period. Furthermore, all limited partners agree that the legal obligations with respect to the execution of duties by the personnel, agents and consultants as retained by the managing partner in dealing with partnership management shall be borne by the partnership.

### *Partnership management*

Organisation of partnership meetings constitute part of the deliberation process and are convened as well as hosted by the general partner. The following matters will usually be considered in the course of the partnership meeting:

- to review partnership annual report compiled by the general partner;
- to change the partnership's managerial composition;
- to amend areas or issues covered by the partnership agreement, save and except those expressly provided thereunder to be decided solely by the general partner;
- to remove any of the general/managing partners from the partnership; and
- to manage other matters which ought to be decided collectively by partners in the partnership meeting with reference to the prevailing laws, regulations and/or provisions under the partnership agreement in effect.

Notwithstanding the above, the partnership meeting shall neither resolve on matters in relation to the potential investment activities or other operational aspects of the partnership, nor be treated as a way of executing influence or even control over the management of the same.

### *Distribution and profit-and-loss sharing mechanism*

Repayment of investment principal coupled with distribution of return, where appropriate, to the limited partners will be done within a specified period starting from the date on which all limited partners completed their investment subscription obligations. Under the partnership agreement, the reference annualised rate of return with respect to a particular private fund product at various stages of the period of subsistence is stated only for the purpose of indication and not to be taken as in guaranteed form. Through a series of applicable risk control measures in place, Jin Zhong Xing endeavours to generate the said rate of return in favor of the limited partners. Nonetheless, it is neither to be held liable for any loss in, nor under any obligation to make up any difference between the reference

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## LETTER FROM THE BOARD

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return and, the actual investment subscribed by the limited partners into the limited liability partnership. In any event, the extent of liability to be borne by each individual limited partner is limited to the amount of investment subscription so made by him or her or it, whilst that of the general partner towards the debts and expenses of the Funds, if any, is unlimited. The general partner bears no debts associated with the limited partners.

In order to control the risks of the general partner, the Group has adopted the following measures:

1. the Fund Investment Department will monitor the progress, performance and financials of the individual Funds and/or the underlying assets of the Funds including attending scheduled project meetings held by the PPP Companies and requesting project updates from time to time;
2. the Funds Investment Department will set reasonable investment terms based on historical performance of the investment and market research and review such investment terms periodically; and
3. the Risk Control Department will periodically review the profiles and credit history of the investment.

According to the PRC Partnership Enterprise Law and other applicable tax regulations of the PRC, all limited partners are required to fulfil their respective tax obligations owed to the national and/or local tax authorities concerning their investment subscriptions.

The management fees will be distributed to the general and managing partners in accordance with the limited partnership agreements where in most of the cases, the management fees will be paid once a year.

### *Contractual-type private fund*

To improve the operational efficiency of financing operations as well as the structuring, set-up and management of self-developed private fund products, Jin Zhong Xing may set up contractual-type private funds after it has obtained the Private Investment Fund Manager Registration Certificate (私募投資基金管理人登記證書) from the Asset Management Association of China. Taking into account of the provisions under the Temporary Measures on Supervision and Management of Private Investment Funds 《私募投資基金監督管理暫行辦法》 (the “**Private Fund Temporary Measures**”) as promulgated and implemented by the China Securities Regulatory Commission on 30 June 2014, the formation of contractual-type private fund is based upon a series of contractual arrangements among the fund manager (as the principal), the securities company (as the custodian or trustee) and the group of investors (as beneficiaries) explicitly setting forth their respective rights and obligations. Such arrangement does not rely on limited liability partnership structures, thereby, not just alleviating the requirement for registration with the relevant governmental authorities, but also overcoming the contemporary restriction on the size of partnership established in the PRC which shall not be more than 50 partners.

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## LETTER FROM THE BOARD

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Accordingly, investors for contractual-type funds bear no shareholding or partnership interests, yet enjoy a greater extent of investment flexibility by reason of the simplification of the product subscription and management procedures.

Selected responsibilities and obligations to be fulfilled by the fund managers under standard contractual-type private fund are set out below:

- processing of fund registration procedures;
- diligent management and application of investment proceeds;
- arrangement of a sufficient number of personnel with the requisite expertise in investment consultation as well as operational management of the fund;
- establishment of a comprehensive risk control, monitoring, financial management and human resources management system to ensure segregation of the investment proceeds as contributed by the investors under the subject fund from those of itself or with respect to other fund products;
- avoidance in the derivation of benefits in favour of the fund manager or any other third parties, or in the delegation of such third parties to manipulate the investment proceeds of the subject fund, unless specified to the contrary under the prevailing laws and regulations;
- appointment of agent to assist in the processing of registration of interests of the investors in the subject fund;
- acceptance of monitoring and supervision by the investors, as ultimate subscribers of the subject fund product, in accordance with the applicable contractual arrangements;
- institution, for and on behalf of the investors whose rights are to be enforced, of judicial or arbitral proceedings in the name of the fund manager;
- preparation of the annual report of the fund and arrangement for disclosure of the same to the investors;
- calculation of fund units of the investors and arrangement for disclosure of the same;
- adherence to commercial confidentiality, such as to refrain from disclosing the investment plans and objectives of the subject fund, save for situations as expressly requested by the regulatory authorities in the PRC;
- retention of all contractual documentations, accounting records, transaction records and other relevant data with respect to the subject fund;
- offering of fair treatment to different categories of assets under management at all times;

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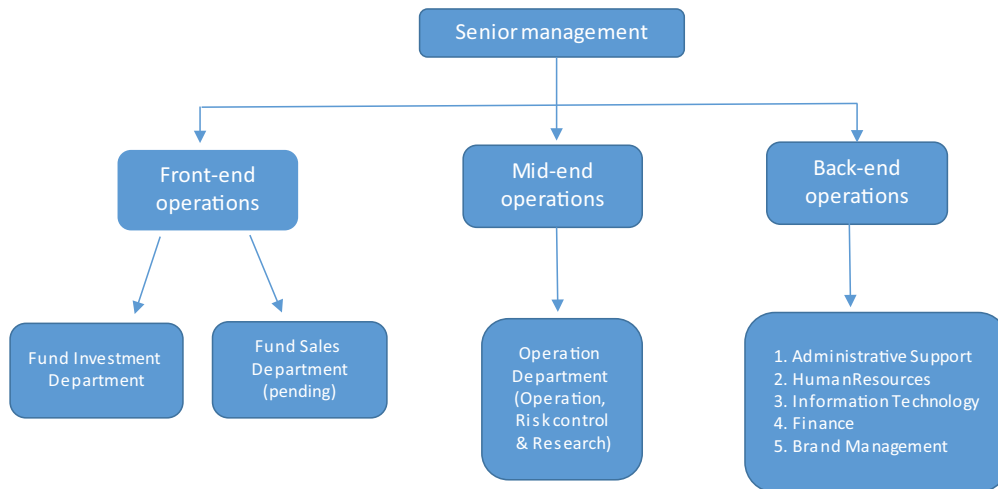
## LETTER FROM THE BOARD

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- assumption of anti-money laundering obligations; and
- fulfilment of other responsibilities or obligations as otherwise prescribed by the applicable laws and regulations and relevant regulatory authorities, or as otherwise set forth in the contractual provisions that govern the operations of the subject fund.

### Organisational Structure

The organisational structure relating to the Investment and Asset Management Business is set out below:



In order to operate and manage the Investment and Asset Management Business, six employees have been employed as at the Latest Practicable Date to operate the below roles and functions. The Group will constantly review the manpower in view of the needs and growth of the Investment and Asset Management Business.

#### *Front-end operations*

##### *Fund Investment Department*

The Fund Investment Department comprises the product manager currently attached to the selected operational spots, and is responsible for the liaison with the financing clients of the PPP Projects for the purpose of structuring, set-up and management of the PPP Funds.

##### *Fund Sales Department*

The Fund Sales Department is primarily responsible for the sale of the private fund products and it is in the process of being established. The Group expects that about 20 licensed sales personnel would be hired by end of September 2017 and an additional of around 40 licensed sales personnel by end of March 2018.



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## LETTER FROM THE BOARD

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### *Operations Department*

The Operations Department is responsible for (i) management and coordination of design, launch as well as distribution of the private fund products; (ii) monitoring the costs associated with product marketing and distribution; (iii) coordination of work among respective personnel in our front-end and back-end operations; and (iv) formulation of standard workflow and monitoring the implementation of such workflow prior to, in the course of and subsequent to the launch of products.

### *Mid-end operations*

#### *Private Fund Department*

The Private Fund Department is responsible for providing operational support throughout the development process of the private fund products, ranging from compilation and recordation of product documentations to management of various operational aspects (such as launch, establishment and settlement) during the period of product subsistence.

#### *Research Department*

The Research Department is responsible for, among others, product information dissemination, industry or enterprise studies and product innovation of the Investment and Asset Management Business. Through in-house research and development capabilities, the Group is committed to strengthening the continuing analysis into specific industry sectors, national or provincial policy directions as well as macroeconomic conditions of the PRC.

#### *Risk Control Department*

The Risk Control Department is responsible for the overall risk supervision, assessment, management and control of the Investment and Asset Management Business, with particular regards to the formulation and implementation of measures to mitigate or minimize the adverse impact of all sorts of operating risks (including but not limited to those emerging from or inherent in the business relationship with financing clients, investors, product distributors and third-party product providers) in order to ensure ongoing compliance as well as orderly business development of the Investment and Asset Management Business.

### *Back-end Operations*

#### *Administrative Support Department*

The Administrative Support Department is responsible for the allocation and coordination of administrative resources, with a view to ensuring the seamless establishment of new operational spots in the course of expansion of coverage network of the Investment and Asset Management Business.

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## LETTER FROM THE BOARD

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### *Brand Management Department*

The Brand Management Department is responsible for (i) coordination and planning of marketing campaigns, internal and external brand-building activities, publicity events, online promotion, publication of promotional materials and other public relation incidents, in order to reinforce brand identity, corporate image and client loyalty; and (ii) liaison with external parties with regards to dissemination of corporate information.

### *Human Resources Department*

The Human Resources Department is responsible for (i) coordinating the strategic human resources management and planning in support of the sustainable growth of the Investment and Asset Management Business; (ii) maximising the intrinsic value of employees through organisation of new-hire and ongoing training campaigns; and (iii) controlling the costs of manpower without compromising standing managerial capacity.

### *Information Technology Department*

The Information Technology Department is responsible for the development, management and maintenance of the information technology framework of the Investment and Asset Management Business in order to offer reliable and effective technological support to its operation.

### *Finance Department*

The Finance Department is responsible for (i) the set-up and supervision of the audit, financial reporting and compliance framework, coupled with the coordination of management of financial and budgetary affairs of the Investment and Asset Management Business.

### **Critical Success Factors**

The Group considers the following factors are critical to the success of the development of the Investment and Asset Management Business:

- (a) tailor made services which address the needs of the financing clients and the investors;
- (b) license for fund management activities issued by the Asset Management Association of China;
- (c) experienced management team;
- (d) brand recognition; and
- (e) investment and licensed sales team.

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## LETTER FROM THE BOARD

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### **Competitive Strengths**

The Group believes that it possesses a number of competitive strengths in relation to the Investment and Asset Management Business, details of which are set out below:

#### *Tailor-made wealth management services*

The Group is of the view that its operational strength in relation to the Investment and Asset Management Business lies with its capability of mastering a thorough understanding of the wealth management philosophies of different financing clients and, more importantly, offering tailor-made wealth management solutions through an optimal matching system after taking into account of, among others, the demands and preference of the respective financing clients and investors, the potentials of the PPP Projects, the approximate returns on comparable products, level of risks involved and prevailing market conditions. Leveraging on the foregoing, we endeavor to ensure that the PPP Funds established and operated by Jin Zhong Xing address the specific concerns and preference of the financing clients and the investors and are capable of satisfying their respective needs.

#### *License*

The obtaining of requisite industry qualifications or licenses is crucial to the entry into and continuing operations in the wealth management services industry, a number of aspects of which have been subject to regulatory scrutiny in the PRC.

Jin Zhong Xing, a company established in the PRC with limited liability on 13 January 2015 with principal business activities covering investment management and investment consultation (save for securities and futures), is an indirect wholly-owned subsidiary of the Company. Jin Zhong Xing has obtained the required license for fund management activities (i.e. “the Private Investment Fund Manager Registration no. P1009381”) granted by the Asset Management Association of China to operate fund management activities in the PRC. The current registered share capital of Jin Zhong Xing is RMB10 million.

Jin Zhong Xing, under the Investment and Asset Management Business, would take the role as general and managing partner of the PPP Funds. The general and managing partner, pursuant to the arrangement under the partnership agreement typically adopted for the PPP Funds, is given an exclusive right to the management of the daily operation of the PPP Funds on behalf of the group of limited partners. In light of the restriction under the PRC Partnership Enterprise Law on the number of partners of each partnership not exceeding than 50 legal and/or natural persons, the larger the intended size of the subscription and the greater the number of the investors, the more subordinate limited liability partnerships are to be established exclusively for the purpose of that particular self-developed private fund product. In general, each investor is obliged to make an upfront payment of his or her or its corresponding agreed investment amount to the designated limited liability partnership’s account within a prescribed period from the date of execution of the partnership agreement. From the relevant PRC laws perspective, there is no capital requirement on the set up, operation and management of the private funds during the course of its life cycle.

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## LETTER FROM THE BOARD

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### *Experienced team*

Our management team has substantial experience in the Investment and Asset Management Business. For example, Mr. Wong Kam Ting, the executive Director, financial controller and company secretary of the Company, has had seven years of experience in assurance services as well as property market research in investment banks. Through his experience, he has developed expertise in the market segment of property coverage. Mr. Wong will lead the investment team of Jin Zhong Xing to expand the Investment and Asset Management Business and oversee the set-up, operation and management of all the PPP Funds by applying his expertise in investment banking. He will also oversee the internal control of the Investment and Asset Management Business in order to monitor and control the risks of the PPP Funds.

Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company, has led and involved in the design of various finance management projects. Ms. Xu Li Yun, the executive Director of the Company, has been the general manager of the finance department of Zhejiang Chengze Jinkai Investment Management Co. Ltd, a company specialises in investment management and investment consultation, since November 2012. Both Mr. Wei and Ms. Xu will serve as investment advisers for the Investment and Asset Management Business.

The biographical particulars of certain of the staff of the Investment and Asset Management Business are set out below.

Staff A obtained a bachelor degree in finance from Hangzhou Dianzi University in 2010 and a master degree in banking and finance from Newcastle University in 2013. After graduating from Newcastle University, he worked for the wealth management department of China Construction Bank and had been the Investment Operation Project Manager and the Senior Project Manager of China Construction Bank since 2015, specialising in, among others, private fund management. During his employment with China Construction Bank, he oversaw the operation and management of a number of private equity funds.

Staff B possesses the PRC Certificate in Practicing Accountant. Since 2015, she has worked in Hangzhou Natural Gas Group mainly responsible for book keeping and preparing financial statements. After joining Jin Zhong Xing in April 2017, she has been working as an accountant responsible for processing daily accounting duties and handling full set of book keeping.

Staff C received a bachelor degree in finance from Shanghai University of Finance and Economics in 2010. She had worked as the Investment Analyst in Agricultural Bank of China since 2010 and was promoted to the rank of Senior Analyst in 2012, of which she was primarily responsible for the portfolio management of various private equities funds. She is appointed as the Fund Investment Manager of Jin Zhong Xing primarily responsible for investment decision and structuring of the Funds.

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## LETTER FROM THE BOARD

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Staff D obtained a bachelor degree in law from Zhejiang University. Before she joined Jin Zhong Xing in early 2017, she had worked in a logistic company in Zhejiang mainly responsible for drafting and reviewing the agreements for it and its subsidiaries. She was also responsible for providing legal advice to the logistic company in relation to strategic planning and legal compliance issues.

### ***Brand recognition***

Since the Group has only commenced the Investment and Asset Management Business in November 2016, it has limited market presence and is not very well recognised in the third-party wealth management industry in the PRC. To enhance the reputation of the Group in the PRC, the Groups plans to adhere to the satisfaction of client bases through comprehensive market research, vigorous product development and selection, structured risk management, enhanced product availability, investment in information technology infrastructure, together with ongoing investors' cultivation. It also intends to organise on a regular basis a broad range of market promotional activities including but not limited to high-profile industry conferences, seminars, workshops and training sessions. For the purpose of carrying out market promotional initiatives, the Group intends to collaborate with financial intermediaries, media enterprises, online news portals, leisure clubs, health centres, etc. with a view to further enhancing the attractiveness and publicity of such events.

### ***Investment and licensed sales team***

After acquiring Jin Zhong Xing, the Group started establishing a team for managing and supporting the operations of the Investment and Asset Management Business. As mentioned above, such team currently consists of six personnel with expertise in investment fund management, risk management, fund operations, information technologies, corporate finance and human resources. The work experience of such personnel ranges from 4 to 13 years, with all of them possessing bachelor degree or above in banking and finance, accountancy, intellectual properties, information technologies and/or human resources.

Given the short history of the Group in the Investment and Asset Management Business and to minimise costs and diversify risks, the Group has not established its own sales team for the sale of private fund products. Due to the connection with the PRC government, the Group has been approached by the PRC government for financing the PPP Projects. In order to facilitate the financing process and comply with the relevant PRC laws and regulations, the Group has selected Jin Guan Cheng for providing the Sales and Customer Services by way of the Framework Agreement, details of which are set out in the paragraph headed "Framework Agreement" below. In the long run, it is the intention of the Group to establish its own sales team to sell and distribute the private fund products. In this connection, the Group is in the process of developing its own sales team, in particular, it has already started recruiting sale personnel and has interviewed a number of suitable candidates.

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## LETTER FROM THE BOARD

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### FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

#### **Date**

20 June 2017

#### **Parties**

1. Jin Kai Yuan Guan, being an indirect wholly-owned subsidiary of the Company; and
2. Jin Guan Cheng, being a company under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company.

#### **Term**

Subject to the approval of the Independent Shareholders at the EGM, the term of the Framework Agreement shall be 33 months commencing from 1 July 2017 to 31 March 2020.

Save for the approval of the Independent Shareholders at the EGM, there are no other conditions precedent to the Framework Agreement.

#### **Subject Matter**

Pursuant to the Framework Agreement, Jin Guan Cheng shall provide the Sales and Customer Services to Jin Kai Yuan Guan and its subsidiaries on a non-exclusive basis for the Funds.

#### **Sales and Customers Services**

The Sales and Customer Services primarily include the provision of the following:

- (i) sales services covering:
  - procurement of the Fund Investors to subscribe or apply for limited partnership interests in the Funds;
  - facilitating the Fund Investors to redeem their limited partnership interests in the Funds (if applicable); and
  - assessing the Fund Investors' risk tolerance level, reviewing the information of the Funds Investors and all relevant documentations and assisting the Fund Investors in executing the required documentations for investment in the Funds; and

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## LETTER FROM THE BOARD

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(ii) customer services covering:

- handling enquiries and complaints from the Fund Investors regarding the Funds or their investment in the Funds; and
- providing the Fund Investors transaction confirmations, marketing materials, etc.

Jin Kai Yuan Guan and its subsidiaries shall be the operator and manager of the Funds and receive management fees for provision of investment and management services to the Funds. Jin Guan Cheng, on the other hand, is not involved in the management of the Funds as its role is merely to provide the Sales and Customer Services to the Funds.

The Sales and Customer Services is critical to the Investment and Asset Management Business since as aforementioned, the revenue earned by the Group from the Investment and Asset Management Business is primarily derived from the management fees paid to it by the Funds and that such management fees, in essence, comes from the subscription amounts contributed by and/or returns to the Fund Investors.

### **Service Fees**

The Service Fees shall not exceed 1.5% of the actual subscription amounts made by the Fund Investors procured by Jin Guan Cheng to the Funds, which were determined after arm's length negotiations between Jin Kai Yuan Guan and Jin Guan Cheng with reference to (i) a list of similar services offered by Jin Guan Cheng to its clients (including clients who are related companies and independent third parties) in 2015 and 2016 in the PRC (the "**List**") which contains information on the size of the funds to be sold by Jin Guan Cheng and service fees charged by Jin Guan Cheng; (ii) the track record of Jin Guan Cheng in selling and promoting self-developed and third party private fund products with reference to the List and the performance of Jin Guan Cheng in procuring subscribers for the eight Funds established and operated by Jin Zhong Xing, details of which are set out in the Company's announcement dated 13 June 2017; and (iii) the size of the sales team of Jin Guan Cheng which comprises of over 200 employees.

The actual terms with respect to the Sales and Customer Services shall be separately agreed and decided by Jin Kai Yuan Guan and Jin Guan Cheng at arm's length with reference to the following factors: (i) the provisions of the Framework Agreement; (ii) the prevailing commercial terms and practices; (iii) the performance of Jin Guan Cheng in selling and promoting the Funds; (iv) the growth and performance of Jin Zhong Xing's sales team; (v) the size of the Funds; and (vi) compliance with all applicable laws and regulations (including, but not limited to, applicable requirements under the Listing Rules). For the purpose of item (ii), Jin Guan Cheng undertakes to provide Jin Kai Yuan Guan with sample invoices issued by it to its clients for the provision of similar services and a designated officer of Jin Kai Yuan Guan will conduct quarterly review of such sample invoices for comparison and as a reference to ensure that the Service Fees are comparable to those charged by Jin Guan Cheng on the market.

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## LETTER FROM THE BOARD

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Apart from reviewing the sample invoices, the said designated officer will also obtain, if feasible, two to three quotations from independent third parties which provide services similar to the Sales and Customer Services to ensure the Service Fees are no less favourable than those offered by independent third parties. In the event that the designated officer is unable to obtain quotations from the independent third parties, the designated officer will engage an external fund manager to review the terms, with respect to the Sales and Customer Services at the end of each financial year, to ensure the Service Fees are no less favourable than those offered by independent third parties.

### Caps

On 4 August 2017, the Supplemental Agreement was entered into between Jin Kai Yuan Guan and Jin Guan Cheng pursuant to which the Caps have been adjusted downwards from those stated in the Company's announcement dated 20 June 2017 regarding the Framework Agreement mainly due to the plan of the Group to accelerate the development of its own sales team to sell the Funds, in particular, to recruit about 20 licensed sales personnel by end of September 2017 and an additional of around 40 licensed sales personnel by end of March 2018.

It is currently estimated that the Caps for the Service Fees payable by Jin Kai Yuan Guan and its subsidiaries to Jin Guan Cheng under the Continuing Connected Transactions are as follows:

For the period from 1 July 2017 to 31 March 2018	RMB28.6 million (equivalent to approximately HK\$32.9 million)
For the period from 1 April 2018 to 31 March 2019	RMB62.1 million (equivalent to approximately HK\$71.4 million)
For the period from 1 April 2019 to 31 March 2020	RMB65.5 million (equivalent to approximately HK\$75.3 million)

The Caps were determined with reference to internal projection of the Service Fees during the term of the Framework Agreement, taking into account of (i) the number of the Funds raised for the six months ended 30 June 2017; (ii) the expected future growth of the Investment and Asset Management Business with reference to the historical growth rate of private equity fund in 2016 published by the Asset Management Association of China (中國證券投資基金業協會); (iii) the estimated total target fund size of the Funds (including Funds to be sold by Jin Guan Cheng and the sales team of Jin Zhong Xing) of approximately RMB4.7 billion, RMB8.3 billion and RMB10.9 billion for the nine months ending 31 March 2018 and for the two years ending 31 March 2020, respectively; (iv) the favourable policies of the PRC government in support of infrastructure and PPP Projects development; and (v) the development of an internal sales team to sell and promote the Funds initiated by Jin Kai Yuan Guan and its subsidiaries, in particular, the recruitment of around 60 licensed sales personnel by Jin Zhong Xing by end of March 2018 and the recruitment of around 60 and 70 licensed sales personnel by Jin Zhong Xing for the two years ending 31 March 2020, respectively.



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## LETTER FROM THE BOARD

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In relation to the favourable policies of the PRC government in support of infrastructure and PPP Projects development, the PRC government has promulgated a number of policies to promote the implementation of local infrastructure projects in the form of PPP since 2013, such as 《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》(國發[2014]60號) (The State Council's Investment and Financing Mechanism for Key Innovation Fields\* (Guofa [2014] No. 60)), 《中共中央國務院關於深化投融資體制改革的意見》(中發[2016]18號) (The Opinion of the Central Committee of the Communist Party and the State Council on Deepening the Reform of Capital System\* (Zhongfa [2016] No. 18)) and 《傳統基礎設施領域實施政府和社會資本合作項目工作導則》(發改投資[2016]2231號) (The Guidelines for the Implementation of Government and Social Capital Cooperation Projects in the Field of Traditional Infrastructure\* (Fagai Touzi [2016] No. 2231)). The PRC government has also promulgated a number of favourable policies in promoting the development of infrastructure projects involving unique towns throughout the PRC since February 2016 including the 關於深入推進新型城鎮化建設的若干意見(國法2016(8號) (Opinion on Deepening the Construction of New Urbanisation\* (Guofa 2016 (No. 8)) issued by the State Council of the PRC in February 2016 and the 關於開展特色小鎮培育工作的通知(建村2016(147號)(Notice on Cultivation of Unique Towns\* (Jiancun 2016 (No. 147)) issued by the National Development and Reform Commission of the PRC in July 2016.

The Group anticipates there would be a high year by year growth of the Investment and Asset Management Business after taking into account the above mentioned factors. Despite the Group's plan to increase its sales team, the trend for the Caps is increasing due to the aforementioned anticipated high growth of the Groups' Investment and Asset Management Business. However, the percentage of the Funds which will be using the Sales and Customer Services of Jin Guan Cheng is expected to be in a decreasing trend when compared to the total size of the Funds for the corresponding period.

In determining whether to allocate the sale of the Funds to Jin Zhong Xing's sales team or to Jin Guan Cheng, the Group will primarily consider the (i) the intended size of the Funds; (ii) the intended subscribers of the Funds; and (iii) the growth and performance of Jin Zhong Xing's sales team. As Jin Guan Cheng possesses a large sales team and the Sales Permit (as defined below), and has established connections with and access to sophisticated investors, Jin Kai Yuan Guan and its subsidiaries intend to engage Jin Guan Cheng to provide Sales and Customer Services for larger size Funds to take advantage of Jin Guan Cheng's expertise and connections as well as its ability to sell the Funds together with other third party private funds; whereas Jin Zhong Xing's sales team will focus on the sale of smaller size Funds. As the internal sales team acquires the necessary capabilities, Jin Zhong Xing intends to rely on its own sales team to take up the sales and promotion of more and larger size Funds.

In addition, in an attempt to establish a long term relationship with Jin Kai Yuan Guan and its subsidiaries and to enable Jin Kai Yuan Guan and its subsidiaries to assess the quality and results of the Sales and Customers Services offered by Jin Guan Cheng, Jin Guan Cheng entered into an agreement with Jin Zhong Xing, a wholly-owned subsidiary of Jin Kai Yuan Guan, on 31 December 2016 pursuant to which Jin Guan Cheng agreed to provide Sales and Customers Services to Jin Zhong Xing for eight Funds established and operated by Jin Zhong Xing and waived the services fees which they normally would charge

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## LETTER FROM THE BOARD

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for provision of such services, being approximately 1.5% of the actual subscription amount made by the Fund Investors procured by Jin Guan Cheng. From 1 January 2017 to 7 June 2017, the amount of subscription funds derived from the Sales and Customer Services of Jin Guan Cheng for the eight Funds reached approximately RMB2.5 billion, representing approximately 30% of the aggregate target fund size of such Funds. In view of the ability of Jin Guan Cheng to raise a significant amount of subscription funds despite most of the Funds were only established in or subsequent to March 2017, the Group is satisfied with the performance of Jin Guan Cheng in selling and promoting the eight Funds and agrees to continue to engage Jin Guan Cheng to provide the Sales and Customer Services. Details of the eight Funds, including the amount of funds made by the Fund Investors procured by Jin Guan Cheng, are disclosed in the announcement of the Company dated 13 June 2017.

### **Internal Control**

In order to ensure that the terms of the Sales and Customer Services under the Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures:

1. the Company will supervise the Continuing Connected Transactions in accordance with the procedures contained in the Company's internal control manual on continuing connected transactions. A designated officer of Jin Kai Yuan Guan will conduct quarterly review and take appropriate actions, as disclosed in the sub-paragraph headed "Service Fees" above, to assess whether the relevant Continuing Connected Transactions are conducted in accordance with the terms of the Framework Agreement and whether the Service Fees are fair and reasonable and in accordance with the aforesaid fees policy. The designated officer will also monitor the transaction amounts of the Continuing Connected Transactions on a monthly basis. If there is an indication from the transaction amounts that the Caps for the relevant financial year may be exceeded, the designated officer will report to the Board which will then hold meetings to discuss and determine appropriate action(s) to be taken, including but not limited to controlling the transaction amounts of the Continuing Connected Transactions and/or seeking revision of the Caps (subject to compliance with the requirements of the Listing Rules);
2. the Company's external auditors will conduct an annual review on the Service Fees and the Caps and will issue their opinion to the Board in relation to the Service Fees and the Caps of the Continuing Connected Transactions conducted during the financial year pursuant to the Listing Rules; and
3. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the Continuing Connected Transactions and confirm the transaction amounts and the terms of the Continuing Connected Transactions in the annual report of the Company.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FRAMEWORK AGREEMENT

The principal business of the Group is provision of building services in Hong Kong as a subcontractor. Jin Kai Yuan Guan, a wholly-owned subsidiary of the Company established in the PRC with limited liability on 27 September 2016, is primarily engaged in investment management and investment consultation (save for securities and futures). Jin Kai Yuan Guan acquired Jin Zhong Xing, a company established in the PRC with limited liability on 13 January 2015 in November 2016. Jin Zhong Xing is principally engaged in investment management and investment consultation (save for securities and futures) and has obtained the required license for fund management activities granted by the Asset Management Association of China. As disclosed in the announcements of the Company dated 18 October 2016, 11 January 2017 and the circular of the Company dated 18 November 2016, the Company is expanding its business portfolio into the areas of investment and asset management, in particular, the Company intends to, through Jin Kai Yuan Guan and its subsidiaries, establish and operate a number of private funds in the PRC for the purpose of financing certain infrastructure projects of the PRC government and state-owned enterprises. In this connection, Jin Zhong Xing has established a total of eight Funds from 1 January 2017 to 7 June 2017, details of which are disclosed in the Company's announcement dated 13 June 2017. In an effort to further expand the Group's investment and asset management business, Jin Zhong Xing has entered into a number of memorandums of understanding with certain project companies relating to the possible creation of Funds, with an intended aggregate size of approximately RMB19.1 billion as at 2 June 2017.

Although Jin Zhong Xing has obtained the required license for fund management activities granted by the Asset Management Association of China to operate and manage private funds in the PRC, it is limited in the kinds of the private fund products it can sell. Pursuant to the Administrative Measures on Private Investment Fundraising Activities 《私募投資基金募集行為管理辦法》 (the “**Fundraising Measures**”), interests in a private investment fund can only be sold by: (i) a private fund manager (the “**Fund Manager**”) duly registered with the Asset Management Association of China provided that the fund being sold is initiated by the Fund Manager; or (ii) a qualified fund sales agency which is registered with China Securities Regulatory Commission and is a member of the Asset Management Association of China, with entrustment by the Fund Managers of the fund being sold. In view of the foregoing, a Fund Manager which does not possess a fund sales permit from China Securities Regulatory Commission (the “**Sales Permit**”) can only sell interests in private funds managed by itself via its employees and cannot sell or raise fund managed by other Fund Managers.

As Jin Zhong Xing does not possess the Sales Permit, sales personnel working for it can only sell private fund products initiated by Jin Zhong Xing and cannot sell private fund products initiated by other Fund Managers. This makes it difficult for Jin Zhong Xing to recruit sales personnel as the remuneration of sales personnel is normally tied to the volume of private funds products which they can sell. Accordingly, the sales personnel opt for organisations possessing the Sales Permit as it enables them to sell a wider variety of private fund products and thereby enjoys higher remuneration.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, only four organisations (one of which being Jin Guan Cheng) in Zhejiang Province have obtained the Sales Permit under the category of Independent Fund Sale Agencies. Jin Zhong Xing has explored the possibility of applying for the Sales Permit. However, the relevant government authorities has become increasingly difficult in relation to the grant of the Sales Permit. According to the information available from the website of 中證網 (China Securities Journal\*), over 30 Sales Permits have been issued across the PRC from September 2015 to June 2016 and only four Sales Permits have been issued across the PRC from July 2016 to September 2016. From October 2016 till June 2017, no Sales Permit has been issued.

Notwithstanding the difficulty in recruiting sales personnel, Jin Zhong Xing expects to recruit around 20 licensed sales personnel by end of September 2017 and an additional of around 40 licensed sales personnel by end of March 2018 by offering higher remuneration to attract qualified talents. Jin Zhong Xing will consider employing additional sales personnel as the Investment and Asset Management Business grows such that in three years time, Jin Zhong Xing would acquire the capability to sell the majority of its private fund products.

To further enhance the capabilities of the sales team, Jin Zhong Xing will provide external trainings to the sales personnel to keep them abreast of the latest development of the Investment and Asset Management Business and the applicable laws and regulations. In addition, Jin Zhong Xing may consider acquiring the organisations with such permit as the business of Jin Zhong Xing develops such that eventually, Jin Zhong Xing will be capable to sell its private fund products without reliance on Jin Guan Cheng.

In light of the above and having considered that (i) Jin Guan Cheng holds the Sales Permit in relation to the sales and marketing of third party funds; (ii) Jin Guan Cheng possesses a large and strong sales team; (iii) the track record of Jin Guan Cheng in selling and promoting third party funds; and (iv) the performance of Jin Guan Cheng in procuring investors for the eight Funds established and operated by Jin Zhong Xing as above mentioned, Jin Guan Cheng was selected as the service provider for the Sales and Customer Services to facilitate Jin Kai Yuan Guan and its subsidiaries in raising capital for the Funds.

The Group has obtained and reviewed the List. It has also obtained and reviewed certain agreements under the List (the “**Service Agreements**”) and noted that the sales and customer services provided by Jin Guan Cheng to its clients (including its clients who are related companies and independent third parties) were mostly charged based on actual subscription amounts made by fund investors procured by Jin Guan Cheng, among which, (i) the average service fee charged by Jin Guan Cheng was approximately 1.2%; (ii) approximately 76.7% of the sales and customers services were charged at not more than 1.5% of actual subscription amounts made by the fund investors procured by Jin Guan Cheng; and (iii) approximately 16.7% of the sales and customers services were charged at service fees ranging from 2.5% to 3.0%, which were higher than the maximum service fees charged to Jin Kai Yuan Guan and its subsidiaries under the Framework Agreement.

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## LETTER FROM THE BOARD

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Having considered (i) the List and rates chargeable by Jin Guan Cheng under the Service Agreements as aforementioned; (ii) Jin Guan Cheng holds the Sales Permit in relation to the sales and marketing of third party funds; (iii) Jin Guan Cheng possesses a reliable sales team; (iv) the track record of Jin Guan Cheng in selling and promoting third party funds; and (v) the performance of Jin Guan Cheng in procuring Fund Investors for the Funds established and operated by Jin Zhong Xing, the Board considered that the pricing of the Service Fees at a rate not exceeding 1.5% of the actual subscription amount made by the Fund Investors procured by Jin Guan Cheng is on normal commercial terms and reasonable.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice of Independent Financial Adviser) consider that the Framework Agreement has been negotiated on an arm's-length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Group has entered into the Framework Agreement to better regulate the Continuing Connected Transactions between Jin Guan Cheng and the Group and to enhance the stability of the Group's business operation as well as its long-term development.

As disclosed above, Jin Guan Cheng is under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company, and Ms. Xu Li Yun, the executive Director, is the legal representative and a director of Jin Guan Cheng. Accordingly, both of Mr. Wei Jie and Ms. Xu Li Yun have abstained from voting on the Board resolutions in relation to the Framework Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors has any material interest in any of the matters described in this announcement.

In deciding whether or not to renew the Framework Agreement upon its expiry, the Group will consider the specific circumstances and prevailing market conditions. It is expected that even if renewal is to be made, the size of the transactions would be smaller than the ones currently contemplated under the Framework Agreement as the Group would have developed a reasonable size of sales team to sell its private fund products as abovementioned.

### **SCALE OF THE INVESTMENT AND ASSET MANAGEMENT BUSINESS AND THE BUILDING SERVICES BUSINESS**

According to the annual report for the financial year ended 31 March 2017, in respect of its Investment and Asset Management Business, the Group recorded (i) revenue of approximately HK\$2.4 million; (ii) profit of approximately HK\$1.3 million; and (iii) assets of approximately HK\$95.5 million.

According to the annual report for the financial year ended 31 March 2017, in respect of its building services business, the Group recorded (i) revenue of approximately HK\$737.6 million; (ii) profit of approximately HK\$29.8 million (after excluding the one-off and non-recurring event involving a project in Tai Lam which recorded negative gross profit margin resulting from incurrence of additional contract costs such as labor and material costs); and (iii) assets of approximately HK\$435.0 million.

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## LETTER FROM THE BOARD

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Based on the above financials, the revenue, profit and assets of the Investment and Asset Management Business are less than the building services business for the year ended 31 March 2017.

Notwithstanding the expansion into the Investment and Asset Management Business, the Company intends to continue the existing building services business. The Company currently has no plan of injecting any of its parent company's assets into the Group (and any proposed injection of such assets in the future will be made in compliance with the Listing Rules) and has no intention to (i) discontinue the employment of any employees of the existing building services business; and (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

### LISTING RULES IMPLICATIONS

Jin Guan Cheng, a company established in the PRC, is under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Caps under the Framework Agreement exceed 5%, the Framework Agreement and the Continuing Connected Transactions are subject to the reporting, annual review, announcement, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### GENERAL INFORMATION

#### **Jin Guan Cheng**

Jin Guan Cheng is a limited liability company incorporated in the PRC and is under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company. It is principally engaged in the sales and marketing of funds and financial management products.

### EXTRAORDINARY GENERAL MEETING

Set out on pages 53 to 54 of this circular is the EGM Notice convening the EGM at which an ordinary resolution will be proposed, if thought fit, to approve the Continuing Connected Transactions and the Caps as mentioned in this circular.

As at the Latest Practicable Date, Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited (both of which are under the control of Mr. Wei Jie) holding in aggregate 75% of all issued Shares will abstain from voting in relation to the abovementioned resolution at the EGM.

Voting at the EGM will be taken by poll and an announcement of the results of which will be published pursuant to the Listing Rules.

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## LETTER FROM THE BOARD

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### **ACTION TO BE TAKEN**

A proxy form for use at the EGM is enclosed herein. Whether or not you propose to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

### **RECOMMENDATION**

The Board (including the Independent Board Committee after taking into account of the advice of the Independent Financial Adviser) considers that the terms of the Framework Agreement and the Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board and the Independent Board Committee recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Continuing Connected Transactions and the Caps.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 30 to 31 of this circular which contains its recommendation to the Independent Shareholders, and the letter from Independent Financial Adviser set out on pages 32 to 45 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.*



### **GOLD-FINANCE HOLDINGS LIMITED**

**金誠控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1462)**

11 August 2017

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF SALES AND CUSTOMER SERVICES**

We refer to the circular of the Company dated 11 August 2017 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Framework Agreement and the Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Sunfund Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Caps. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 32 to 45 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 29 of the Circular and the general information set out in the Appendix to the Circular.



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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having taken into account the terms of the Framework Agreement and the advice given by Sunfund Capital Limited, we consider that the terms of the Framework Agreement and the Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Continuing Connected Transactions and the Caps to be proposed at the EGM.

**Niu Zhongjie**

Yours faithfully,  
**Cheung Ying Kwan**  
*Independent Board Committee*

**Chen Zhao**

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Sunfund Capital Limited to the Independent Board Committee and the Independent Shareholders, for the purpose of incorporation into this circular.*



Unit 2620, 26/F  
Tower 1 Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

11 August 2017

*To the Independent Board Committee and  
the Independent Shareholders of Gold-Finance Holdings Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF SALES AND CUSTOMER SERVICES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions with their respective Caps, details of which are set out in the circular of the Company dated 11 August 2017 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context requires otherwise.

As stated in the Circular, on 20 June 2017, Jin Kai Yuan Guan, an indirectly wholly-owned subsidiary of the Company, and Jin Guan Cheng, a company under the control of Mr. Wei Jie, entered into the Framework Agreement in relation to the provision of Sales and Customer Services by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries for a term of 33 months commencing from 1 July 2017 and ending on 31 March 2020. Jin Guan Cheng, a company established in the PRC, is under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Caps under the Framework Agreement exceed 5%, the Framework Agreement and the Continuing Connected Transactions are subject to the reporting, annual review, announcement, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Niu Zhongjie, Mr. Cheung Ying Kwan and Mr. Chen Zhao, has been established to advise the Independent Shareholders as to whether entering into the Framework Agreement and the Continuing Connected Transactions with respective Caps are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole.

We have been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide an independent opinion and recommendation as to whether the terms of the Framework Agreement with respective Caps are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the resolutions to be proposed at the EGM to approve the Continuing Connected Transactions with respective Caps.

We are independent from, and are not associated with the Company, Mr. Wei Jie, Jin Guan Cheng, and any of their respective associates who are interested or involved in the Continuing Connected Transactions. In addition, for the last two years up to the Latest Practicable Date, we have not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to other transactions. Apart from normal professional fee paid to us in connection with this appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party related to the aforesaid transactions. Therefore, we consider we are independent and are accordingly eligible to give independent advice in respect of the Continuing Connected Transactions with respective Caps thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the accuracy of the information, facts and representations supplied, and the opinions expressed to us, by the Group, the Directors and the management of the Group. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due and careful enquiries. We have also assumed that all information, facts, representations and opinions made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true, accurate and complete at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the management of the Group. We have been confirmed by the management of the Group that no material facts have been omitted from the information provided by or referred to in the Circular.

We have assumed such information to be true, accurate and reliable and have not carried out any independent verification on the truth and accuracy of such information, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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We consider that we have reviewed sufficient information and documents to reach an informed view, to justify our reliance on the truth and accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. Based on the foregoing, we also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation.

### **A. PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation in relation to the Continuing Connected Transactions, we have taken into account the following principal factors and reasons:

#### **1. Reasons for and benefits of the Framework Agreement**

The principal business of the Group is provision of building services in Hong Kong as a subcontractor. As stated in the Letter from the Board, Jin Kai Yuan Guan, a wholly-owned subsidiary of the Company established in the PRC with limited liability on 27 September 2016, is primarily engaged in investment management and investment consultation (save for securities and futures). Jin Kai Yuan Guan acquired Jin Zhong Xing in November 2016, a company established in the PRC with limited liability on 13 January 2015. Jin Zhong Xing is principally engaged in investment management and investment consultation (save for securities and futures) and has obtained the required license for fund management activities granted by the Asset Management Association of China.

As disclosed in the announcements of the Company dated 18 October 2016, 11 January 2017 and the circular of the Company dated 18 November 2016, the Company is expanding its business portfolio into the areas of investment and asset management, in particular, the Company intends to, through Jin Kai Yuan Guan and its subsidiaries, establish and operate a number of private funds in the PRC for the purpose of financing certain infrastructure projects of the PRC government and state-owned enterprises. In this connection, Jin Zhong Xing has established a total of eight Funds from 1 January 2017 to 7 June 2017, details of which are disclosed in the Company's announcement dated 13 June 2017. In an effort to further expand the Group's investment and asset management business, Jin Zhong Xing has entered into a number of memorandums of understanding with certain project companies relating to the possible creation of Funds, with an intended aggregate size of approximately RMB19.1 billion as at 2 June 2017.

We further understand from the Directors and the Letter from the Board that, the Group's management team has substantial experience in the Investment and Asset Management Business. For example, Mr. Wong Kam Ting, the executive Director, financial controller and company secretary of the Company, has had seven years of experience in assurance services as well as property market research in investment banks. Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company, has led and involved in the design of various finance management projects. Ms. Xu Li Yun, the executive Director of the Company, has been the general

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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manager of the finance department of Zhejiang Chengze Jinkai Investment Management Co. Ltd, a company specialises in investment management and investment consultation, since November 2012.

As stated in the Letter from the Board, although Jin Zhong Xing has obtained the required license for fund management activities granted by the Asset Management Association of China to operate and manage private funds in the PRC, it is limited in the kinds of the private fund products it can sell. Pursuant to the Fundraising Measures, interests in a private investment fund can only be sold by: (i) Fund Manager duly registered with the Asset Management Association of China provided that the fund being sold is initiated by the Fund Manager; or (ii) a qualified fund sales agency which is registered with China Securities Regulatory Commission and is a member of the Asset Management Association of China, with entrustment by the Fund Managers of the fund being sold. In view of the foregoing, a Fund Manager which does not possess the Sales Permit can only sell interests in private funds managed by itself via its employees and cannot sell or raise fund managed by other Fund Managers.

As Jin Zhong Xing does not possess the Sales Permit, sales personnel working for it can only sell private fund products initiated by Jin Zhong Xing and cannot sell private fund products initiated by other Fund Managers. The Directors are of the view that this makes it difficult for Jin Zhong Xing to recruit sales personnel as the remuneration of sales personnel is normally tied to the volume of private funds products which they can sell. Accordingly, the sales personnel opt for organisations possessing the Sales Permit as it enables them to sell a wider variety of private fund products and thereby enjoys higher remuneration.

As advised by the Directors, Jin Zhong Xing has explored the possibility of applying for the Sales Permit. However, as at the Latest Practicable Date, only four organisations (one of which being Jin Guan Cheng) in Zhejiang Province have obtained the Sales Permit under the category of Independent Fund Sale Agencies as the relevant government authorities has become increasingly difficult in relation to the grant of the Sales Permit.

Notwithstanding the difficulty in recruiting sales personnel, Jin Zhong Xing expects to recruit around 20 licensed sales personnel by end of September 2017 and an additional of around 40 licensed sales personnel by end of March 2018 by offering higher remuneration to attract qualified talents. Jin Zhong Xing will consider employing additional sales personnel as the Investment and Asset Management Business grows such that in three years time, Jin Zhong Xing would acquire the capability to sell the majority of its private fund products.

To further enhance the capabilities of the sales team, we understood from the Directors that Jin Zhong Xing will provide external trainings to the sales personnel to keep them abreast of the latest development of the Investment and Asset Management Business and the applicable laws and regulations. In addition, Jin Zhong Xing may consider acquiring the organisations with such permit as the business of Jin Zhong Xing develops such that eventually, Jin Zhong Xing will be capable to sell its private fund products without reliance on Jin Guan Cheng.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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In light of the above and having considered that (i) the major terms of the Framework Agreement which are on normal commercial terms, are fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole as mentioned in part 2 below; (ii) the Continuing Connected Transactions are in line with the Group's business developing strategy which is expanding its investment and asset management portfolio in order to strengthen its brand recognition and market exposure in the PRC, as well as to produce additional and stable income streams to diversity risks and to increase Independent Shareholders' return as stated in the Company's announcement dated 13 June 2017; (iii) Jin Guan Cheng holds the Sales Permit in relation to the sales and marketing of third party funds; and (iv) in light of the performance of Jin Guan Cheng in procuring investors for the eight Funds established and operated by Jin Zhong Xing as mentioned in the Letter from the Board, the Directors consider that Jin Guan Cheng possesses a large and strong sales team and selecting Jin Guan Cheng as the service provider for the Sales and Customer Services can facilitate Jin Kai Yuan Guan and its subsidiaries in raising capital for the Funds; we concur with the Directors' view that entering into of the Framework Agreement and the transactions contemplated thereunder can better regulate the Continuing Connected Transactions between Jin Guan Cheng and Jin Kai Yuan Guan and enhance the stability of the Group's business operation as well as its long-term development.

### **2. Principal terms of Framework Agreement**

- Date: 20 June 2017
- Parties:
- (1) Jin Kai Yuan Guan, is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability on 27 September 2016. It is primarily engaged in investment management and investment consultation (save for securities and futures)
  - (2) Jin Guan Cheng, is a limited liability company incorporated in the PRC and is under the control of Mr. Wei Jie, the chairman, executive Director and controlling shareholder of the Company. It is principally engaged in the sales and marketing of funds and financial management products
- Term: Subject to the approval of the Independent Shareholders in the EGM, the term of the Framework Agreement shall be 33 months commencing from 1 July 2017 to 31 March 2020
- Subject Matter: Jin Guan Cheng shall provide the Sales and Customer Services to Jin Kai Yuan Guan and its subsidiaries on a non-exclusive basis for the Funds

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Sales and Customers  
Services:

- (i) Sales services covering:
- procurement of the Fund Investors to subscribe or apply for limited partnership interests in the Funds;
  - facilitating the Fund Investors to redeem their limited partnership interests in the Funds (if applicable); and
  - assessing the Fund Investors' risk tolerance level, reviewing the information of the Funds Investors and all relevant documentations and assisting the Fund Investors in executing the required documentations for investment in the Funds; and
- (ii) Customer services covering:
- handling enquiries and complaints from the Fund Investors regarding the Funds or their investment in the Funds; and
  - providing the Fund Investors transaction confirmations, marketing materials, etc.

Jin Kai Yuan Guan and its subsidiaries shall be the operator and manager of the Funds and receive management fees for provision of investment and management services to the Funds. Jin Guan Cheng, on the other hand, is not involved in the management of the Funds as its role is merely to provide the Sales and Customer Services to the Funds.

Service Fees:

The Service Fees shall not exceed 1.5% of the actual subscription amounts made by the Fund Investors procured by Jin Guan Cheng to the Funds, which were determined after arm's length negotiations between Jin Kai Yuan Guan and Jin Guan Cheng with reference to

- (i) a list of similar services offered by Jin Guan Cheng to its clients (including clients who are related companies and independent third parties) in 2015 and 2016 in the PRC (the "List") which contains information on the size of the funds to be sold by Jin Guan Cheng and service fees charged by Jin Guan Cheng;

- (ii) the track record of Jin Guan Cheng in selling and promoting self-developed and third party private fund products with reference to the List and the performance of Jin Guan Cheng in procuring subscribers for the eight Funds established and operated by Jin Zhong Xing, details of which are set out in the Company's announcement dated 13 June 2017; and
- (iii) the size of the sales team of Jin Guan Cheng which comprises of over 200 employees

***Basis of our consideration***

In assessing the fairness and reasonableness of the major terms of the Framework Agreement, we have reviewed the Framework Agreement.

*(i) Service Fees*

We have obtained and reviewed the List which comprised of 42 agreements with its charging basis relating to similar services offered by Jin Guan Cheng to its clients (including its clients who are related companies and independent third parties) in the PRC for 2 years starting from 1 January 2015 to 31 December 2016. We noted from the List that among these 42 agreements, 35 of which were charged to its clients (including related companies and independent third parties) on a percentage based on actual subscription amounts made by fund investors procured by Jin Guan Cheng; 6 of which were charged to its related parties on a yearly fixed amount disregard the subscription amounts; and 1 of which was charged to an independent third party on a floating percentage based on actual subscription amounts made by fund investors procured by Jin Guan Cheng. We have further examined a total of 16 out of the abovementioned 35 agreements, we are satisfied that the sample size are fair and representative for the purpose of our review of the List.

Based on the charging basis of the abovementioned 35 agreements, we noted that (i) the average service fee charged by Jin Guan Cheng was approximately 1.1%; (ii) approximately 80.0% of the sales and customers services were charged at not more than 1.5% of actual subscription amounts made by the fund investors procured by Jin Guan Cheng; and (iii) approximately 14.3% of the sales and customers services were charged at service fees ranging from 2.5% to 3.0%, which were higher than the maximum service fees charged to Jin Kai Yuan Guan and its subsidiaries under the Framework Agreement.

To further gain more market intelligence on the PRC private fund market independently, given the information of PRC private fund market is rarely publicly available, we conducted interviews with two experienced market participants who have been working in asset management and private equity



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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fund market in the PRC and are independent from the Company and all parties involved in the Framework Agreement. As advised by these market participants, sales and customer service fees are determined based on the negotiation between the sales and customers service providers and the fund manager and other market conditions. In addition, to the best knowledge of those market participants, in general, sales and customers service fees are charged on the subscription amounts made by fund investors procured by the service provider at a charging rate of 1.0% to 1.5% of actual subscription amounts made by the fund investors procured by the service provider.

Based on the above, we concur with the Directors' view that pricing the Service Fees at a rate not exceeding 1.5% of the actual subscription amounts made by the Fund Investors procured by Jin Guan Cheng to the Funds is on normal commercial terms and reasonable.

*(ii) Actual terms of the Sales and Customer Services*

As stated in the Framework Agreement and the Letter from the Board, the actual terms with respect to the Sales and Customer Services shall be separately agreed and decided by Jin Kai Yuan Guan and Jin Guan Cheng at arm's length with reference to the following factors; (i) the provisions of the Framework Agreement; (ii) the prevailing commercial terms and practices; (iii) the performance of Jin Guan Cheng in selling and promoting the Funds; (iv) the growth and performance of Jin Zhong Xing's sales team; (v) the size of the Funds; and (vi) compliance with all applicable laws and regulations (including, but not limited to, applicable requirements under the Listing Rules). For the purpose of item (ii), Jin Guan Cheng undertakes to provide Jin Kai Yuan Guan with sample invoices issued by it to its clients for the provision of similar services and a designated officer of Jin Kai Yuan Guan will conduct quarterly review of such sample invoices for comparison and as a reference to ensure that the Service Fees are comparable to those charged by Jin Guan Cheng on the market.

In addition, apart from reviewing the sample invoices, the said designated officer will also obtain, if feasible, two to three quotations from independent third parties which provide services similar to the Sales and Customer Services to ensure the Service Fees are no less favourable than those offered by independent third parties. In the event that the designated officer is unable to obtain quotations from the independent third parties, the designated officer will engage an external fund manager to review the terms, with respect to the Sales and Customer Services at the end of each financial year, to ensure the Service Fees are no less favourable than those offered by independent third parties.

We consider that the above are effective measures to ensure that the actual terms of the Sales and Customer Services will be determined on normal commercial terms, are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Accordingly, we are of the view that the major terms of the Framework Agreement are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

### 3. Caps under the Framework Agreement

It is currently estimated that the Caps for the Service Fees payable by Jin Kai Yuan Guan and its subsidiaries to Jin Guan Cheng under the Framework Agreement are as follows:

<b>For the period</b>	<b>From 1 July 2017 to 31 March 2018</b>	<b>From 1 April 2018 to 31 March 2019</b>	<b>From 1 April 2019 to 31 March 2020</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Caps	28.6	62.1	65.5
	(equivalent to approximately HK\$32.9 million)	(equivalent to approximately HK\$71.4 million)	(equivalent to approximately HK\$75.3 million)

We have discussed with the management regarding the calculation of the proposed Caps and as stated in the Letter from the Board, we understand that the Caps were determined with reference to internal projection of the Service Fees during the term of the Framework Agreement, taking into account of (i) the number of the Funds raised for the six months ended 30 June 2017; (ii) the expected future growth of the Investment and Asset Management Business with reference to the historical growth rate of private equity fund in 2016 published by the Asset Management Association of China (中國證券投資基金業協會); (iii) the estimated total target fund size of the Funds (including Funds to be sold by Jin Guan Cheng and the sales team of Jin Zhong Xing) of approximately RMB4.7 billion, RMB8.3 billion and RMB10.9 billion for the nine months ending 31 March 2018 and for the two years ending 31 March 2020, respectively; (iv) the favourable policies of the PRC government in support of infrastructure and PPP Projects development; and (v) the development of an internal sales team to sell and promote the Funds initiated by Jin Kai Yuan Guan and its subsidiaries, in particular, the recruitment of around 60 licensed sales personnel by Jin Zhong Xing by end of March 2018 and the recruitment of around 60 and 70 licensed sales personnel by Jin Zhong Xing for the two years ending 31 March 2020, respectively.

We have discussed with the management and as stated in the Letter from the Board, in determining whether to allocate the sale of the Funds to Jin Zhong Xing's sales team or to Jin Guan Cheng, the Group will primarily consider the (i) the intended size of the Funds; (ii) the intended subscribers of the Funds; and (iii) the growth and performance of Jin Zhong Xing's sales team. As Jin Guan Cheng possesses a large sales team and the Sales Permit, and has established connections with and access to sophisticated investors, Jin Kai Yuan Guan and its subsidiaries intend to engage Jin Guan Cheng to provide Sales and Customer Services for larger size Funds to take advantage of Jin Guan Cheng's expertise and connections as well as its ability to sell

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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the Funds together with other third party private funds; whereas Jin Zhong Xing's sales team will focus on the sale of smaller size Funds. As the internal sales team acquires the necessary capabilities, Jin Zhong Xing intends to rely on its own sales team take up the sales and promotion of more and larger size Funds.

### *Basis of our consideration*

We have reviewed the basis and calculation of the Caps and note that estimated total target fund size of the Funds (including Funds to be sold by Jin Guan Cheng and the sales team of Jin Zhong Xing) amounted to approximately RMB4.7 billion, RMB8.3 billion and RMB10.9 billion for the nine months ending 31 March 2018 and for the two years ending 31 March 2020, respectively. The Directors expect to rely on the Group's own sales team to take up the sales and promotion of more and larger size Funds in the future, to the best estimate of the Directors, proportion of total Funds raised by Jin Guan Cheng is expected to decrease, accounted for 55%, 50% and 40% of the total target fund size of the Funds for the nine months ending 31 March 2018 and for the two years ending 31 March 2020 respectively. By applying Service Fees of 1.5%, the Caps for the nine months ending 31 March 2018 and for the two years ending 31 March 2020 amounted to approximately RMB28.6 million, RMB62.1 million and RMB65.5 million respectively.

We have also obtained from the Group and reviewed all memorandums of understanding Jing Zhong Xing has entered into with certain project companies relating to the possible creation of Funds up to 2 June 2017, with an intended aggregate size of approximately RMB19.1 billion, representing approximately 4.1 times, 2.3 times and 1.8 times over the Company's target size of funds using Sales and Customer Services of Jin Guan Cheng for the nine months ending 31 March 2018 and the two years ending 31 March 2020.

In addition, in respect of the sales capability of Jin Guan Cheng, we have obtained the List and note that funds sold by Jin Guan Cheng increased significantly by approximately 136%, from approximately RMB2,894 million in 2015 to approximately RMB6,829 million in 2016. In addition, to assess the quality and results of the Sales and Customers Services offered by Jin Guan Cheng, Jin Guan Cheng entered into an agreement with Jin Zhong Xing, a wholly-owned subsidiary of Jin Kai Yuan Guan, on 31 December 2016 pursuant to which Jin Guan Cheng agreed to provide Sales and Customers Services to Jin Zhong Xing for eight Funds established and operated by Jin Zhong Xing and waived the services fees which they normally would charge for provision of such services, being approximately 1.5% of the actual subscription amount made by the investors procured by Jin Guan Cheng. Details of the said eight Funds, including the amount of funds made by Fund Investors procured by Jin Guan Cheng, are disclosed in the announcement of the Company dated 13 June 2017. We are given to understand from the Directors that Jin Guan Cheng has successfully procured fund investors for those funds of approximately RMB2.5 billion from January

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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2017 to June 2017, which we had sample obtained and checked to bank statements of five of the eight Funds and we are satisfied that the sample size that is sufficient to support our views mentioned below.

In addition, we note that the estimated amount of funds to be raised by each sales personnel of Jin Guan Cheng during the nine months ending 31 March 2018 and two years ending 31 March 2020 is expected to be approximately RMB10.1 million (or to be annualised, approximately RMB13.5 million), RMB16.4 million and RMB17.3 million respectively, which is lower than the actual average funds raised per sales personnel of Jin Guan Cheng of approximately RMB27.0 million in 2016. Moreover, we understood from the experienced market participants that, in general, a private fund sales personnel is able to raise approximately RMB80.0 million each year, which is higher than that of the target fund size per sales personnel of Jin Guan Cheng per the Group's estimation.

In terms of the reasonableness of the expected future growth of the Investment and Asset Management Business for the nine months ending 31 March 2018 and two years ending 31 March 2020, we have performed the below:

*For the nine months ending 31 March 2018*

The estimate total target fund size of the Funds for the nine months ending 31 March 2018 of RMB4.7 billion was estimated based on annualising the number of the Funds raised for the six months ended 30 June 2017 of approximately HK\$2.4 billion with an estimated growth rate of approximately 27.5%. We have checked to amount of registered and paid private equity funds in the PRC published by Asset Management Association of China and noted that registered and paid private equity funds in the PRC increased from approximately RMB6.8 trillion to RMB8.7 trillion, representing an increase of approximately 28.1%, for the nine months ended 31 March 2017, which is higher than that of the growth rate adopted by the Group of approximately 27.5%.

*For the two years ending 31 March 2020*

The estimate total target fund size of the Funds for the year ending 31 March 2019 of RMB8.3 billion was estimated based on annualising the estimated total target fund size of the Funds of approximately RMB4.7 billion for the nine months ending 31 March 2018 with a growth rate of approximately 33.4%. For the year ending 31 March 2020, the estimated total target fund size of the Funds is expected to be approximately RMB10.9 billion, which was estimated based on the estimated total target fund size of the Funds of approximately RMB8.3 billion for the year ending 31 March 2019 with a growth rate of approximately 31.8%. We have checked to amount of registered and paid private equity funds in the PRC published by Asset Management Association of China and noted that registered and paid private equity funds in the PRC increased from approximately RMB6.8 trillion to RMB9.2 trillion, representing an increase of approximately 35.0%,

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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for the year ended 31 May 2017, which is higher than that of the growth rate adopted by the Group of approximately 33.4% and 31.8% for the two years ending 31 March 2020 respectively.

Having considered that (i) amounts of memorandums of understanding the Company entered into up to 2 June 2017 have already over the target fund size using Sales and Customer Services of Jin Guan Cheng for the nine months ending 31 March 2018 and each of the two years ending 31 March 2020; (ii) the historical growth of private equity fund market; (iii) the expected future growth of Jin Kai Yuan Guan and its subsidiaries, proposed development of sales team by Jin Kai Yuan Guan to sell and promote the Funds initiated by it and its subsidiaries and the favourable policies of the PRC government in support of infrastructure and PPP projects development and expected increase in infrastructure and PPP projects in the PRC; (iv) the Group is only provided with an option but not an obligation to purchase the Sales and Customer Services from Jin Guan Cheng; (v) the Service Fees will only be incurred and payable when separate service agreement is entered into between Jin Kai Yuan Guan and its subsidiaries and Jin Guan Cheng when Jin Guan Cheng successfully procures subscription made by the Fund Investors; and (vi) the business strategy of the Group that expanding into Investment and Asset Management Business is advantageous for the Group which could produce additional and stable income streams to diversify risks and the increase Independent Shareholders' return, we consider that the amounts of the proposed Caps under the Framework Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

Shareholders should note that as the Caps is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 March 2020, we express no opinion as to how closely the actual Sales and Customer Services to be provided by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries under the Framework Agreement will correspond with Caps.

**4. Internal Control Procedures**

As set out in the Letter from the Board, the following internal control measures have been adopted:

1. the Company will supervise the continuing connected transactions in accordance with the procedures contained in the Company's internal control manual on continuing connected transactions. A designated officer of Jin Kai Yuan Guan will conduct quarterly review and take appropriate actions, as disclosed in the sub-paragraph headed "Service Fees" in the Letter from the Board, to assess whether the relevant Continuing Connected Transactions are conducted in accordance with the terms of the Framework Agreement and will regularly monitor the rates charged by Jin Guan Cheng for similar services to ensure that the Service Fees are fair and reasonable and in accordance with the aforesaid fees policy. The designated officer will also monitor the transaction amounts of the Continuing Connected Transactions on a monthly basis. If there is an indication from the transaction amounts that the Caps for the relevant financial year may be exceeded, the designated officer will report to the Board which will then hold meetings to discuss and determine appropriate action(s) to be taken, including but not limited to controlling the transaction amounts of the Continuing Connected Transactions and/or seeking revision of the Caps (subject to compliance with the requirements of the Listing Rules);
2. the Company's external auditors will conduct an annual review on the Service Fees and the Caps and will issue their opinion to the Board in relation to the Service Fees and the Caps of the Continuing Connected Transactions conducted during the financial year pursuant to the Listing Rules; and
3. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the Continuing Connected Transactions and confirm the transaction amounts and the terms of the Continuing Connected Transactions in the annual report of the Company.

In light of the above, we are of the view that the above internal control measures are sufficient to ensure that the terms of the Sales and Customer Services under the Framework Agreement will be conducted on normal commercial terms, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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**RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that the terms of the Continuing Connected Transactions (including the Caps thereunder) which has been negotiated on an arm's length basis are on normal commercial terms and are fair and reasonable. Therefore, entering into the Framework Agreement is in the interests of the Company and Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Framework Agreement and the Continuing Connected Transactions with proposed Caps thereunder.

Yours faithfully  
For and on behalf of  
**Sunfund Capital Limited**  
**YING Chi Kwan**  
*Executive Director*

## 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 misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying Shares or debentures of the Company or any associated corporations (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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept under section 352 of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”) were as follows:

#### *Long position in Shares of the Company*

Director	Capacity and nature of interests	Number of Shares held	% of issued share capital
Mr. Wei Jie	Interest in a controlled corporation	3,000,000,000	75%

*Note:* Out of the 3,000,000,000 Shares, 2,200,000,000 Shares (representing 55% of the issued Shares) were held by Gold-Finance (Hong Kong) Asset Management Limited, which is wholly-owned by Gold-Finance Industrial Group Co., Limited and which in turn is wholly-owned by 浙江金誠資產管理有限公司 (Zhejiang Jin Cheng Asset Management Company Limited\* (“**Zhejiang Jin Cheng**”)). Zhejiang Jin Cheng is wholly-owned by 寧波和澤潤實業投資有限公司 (Ningbo He Ze Run Industrial Investment Limited\* (“**Ningbo He Ze Run**”)), which is 95.78% owned by Mr. Wei Jie. The remaining 800,000,000 Shares (representing 20% of the issued Shares) were held by Gold-Finance (Holdings) Group Co. Limited, which is 45.51% owned by Hengyuan Holdings Group Co. Ltd. Hengyuan Holdings Group Co. Ltd is wholly-owned by Mr. Wei Jie. Therefore, Mr. Wei Jie is deemed to be interested in the 3,000,000,000 Shares.



**(ii) Long position in the underlying Shares of the Company**

As at the Latest Practicable Date, details of outstanding options to subscribe for the Shares granted by the Company to the Directors on 17 February 2017 were as follows:

<b>Director</b>	<b>Exercisable period (both dates inclusive)</b>	<b>Exercise price per Share</b>	<b>Number of Shares to be allotted and issued upon full exercise of the options</b>
Mr. Wei Jie	17 February 2017 to 16 February 2027	HK\$2.00	2,500,000
Ms. Xu Li Yun	17 February 2017 to 16 February 2027	HK\$2.00	2,500,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had registered an interest or a short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (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 or 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.

**Substantial Shareholders' interests in Shares**

As at the Latest Practicable Date, to the best of the Directors' knowledge, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under section 336 of the SFO were as follows:

*Long position in Shares of the Company*

<b>Name of Shareholders</b>	<b>Capacity and nature of interests</b>	<b>Number of Shares held</b>	<b>% of issued share capital</b>
Gold-Finance (Hong Kong) Asset Management Limited	Beneficial owner	2,200,000,000	55%
Gold-Finance Industrial Group Co., Limited (Note 1)	Interest in a controlled corporation	2,200,000,000	55%
Zhejiang Jin Cheng (Note 1)	Interest in a controlled corporation	2,200,000,000	55%
Ningbo He Ze Run (Note 2)	Interest in a controlled corporation	2,200,000,000	55%
Gold-Finance (Holdings) Group Co. Limited	Beneficial owner	800,000,000	20%
Hengyuan Holdings Group Co. Ltd (Note 3)	Interest in a controlled corporation	800,000,000	20%

*Notes:*

1. Gold-Finance (Hong Kong) Asset Management Limited is owned as to 100% by Gold-Finance Industrial Group Co., Limited, which in turn, is wholly-owned by Zhejiang Jin Cheng. Zhejiang Jin Cheng is wholly-owned by Ningbo He Ze Run.
2. Ningbo He Ze Run is owned as to 95.78% by Mr. Wei Jie, who is deemed to be interested in the 2,200,000,000 Shares owned by Gold-Finance (Hong Kong) Asset Management Limited by virtue of the SFO.
3. Gold-Finance (Holdings) Group Co. Limited is owned as to 45.51% by Hengyuan Holdings Group Co. Ltd, which in turn, is wholly-owned by Mr. Wei Jie, who is deemed to be interested in the 800,000,000 Shares owned by Gold-Finance (Holdings) Group Co. Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' interests in Shares" above, had notified the Company of an interest or short position in the Shares or underlying Shares of the Company which would fall

to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### 3. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Sunfund Capital Limited	a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activities

Sunfund has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter given by Sunfund is given as at the date of this circular for incorporation herein.

As at the Latest Practicable Date, Sunfund did not have any direct or indirect interest in any assets which had since 31 March 2017 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Sunfund was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Group were made up.

### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Wei Jie and Ms. Xu Li Yun have interests in the following businesses which are considered to compete or likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Name of entity which are considered to compete or likely to compete with the business of the Group	Description of business	Shareholding of Mr. Wei Jie (including indirect interests)	Shareholding of Ms. Xu Li Yun (including indirect interests)
Jin Guan Cheng	Sale of funds and financial products and wealth management	100%	—
杭州觀復投資管理合夥企業 (有限合夥)(Hangzhou Guanfu Investment Management Partnership (Limited Partnership)*)	Investment management	100%	—
杭州金轉源投資管理合夥企業 (有限合夥)(Hangzhou Jin Zhuan Yuan Investment Management Partnership (Limited Partnership)*)	Investment management	47.62%	52.38%
新余觀復投資管理有限公司 (Xinyu Guanfu Investment Management Co., Ltd.*)	Enterprise investment management and asset management	100%	—
Zhejiang Jin Cheng ( <i>Note 1</i> )	Investment and asset management and investment consultation	95.78%	4.22%
浙江誠澤金開投資管理有限公司 (Zhejiang Chengze Jinkai Investment Management Co., Ltd.*)	Investment management and investment consultation	100%	—

*Notes:*

1. Zhejiang Jin Cheng is a substantial shareholder through its interests in Gold-Finance Industrial Group Co., Limited which wholly owns Gold-Finance (Hong Kong) Asset Management Limited, which directly holds 2,200,000,000 Shares, representing 55% of the issued share capital of the Company.

The Directors consider that the Board can operate independently of and at arm's length from the businesses of these entities because (i) pursuant to the articles of association of the Company, a Director shall not vote on any board resolutions approving any contract or arrangement or any other proposal in which such Director or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; (ii) the Directors are fully aware of their fiduciary duties owing to the shareholders of the respective companies and their duty to avoid conflicts to the shareholders of the respective companies and their duty to avoid conflicts of interests in carrying out their respective duties as directors of the relevant companies; (iii) other than Mr. Wei Jie, there is no overlap in the directorships among the Company and those companies listed above; and (iv) Mr. Wei Jie has entered into an undertaking which undertakes to the Company that (a) if he and/or his close associates (other than the Group) is given or offered any new business opportunity which competes with the restricted activity (restricted activity refers to the creation and operation of PRC private funds for the purpose of financing infrastructure projects of the PRC government and state-owned enterprises) (the "**Business Opportunity**"), he shall and shall procure his close associates to refer the Business Opportunity to the Company as soon as practicable by way of a written notice (the "**Offer Notice**") containing all information reasonably necessary for the Company to consider whether the Business Opportunity would constitute competition with the restricted activity and is in the interests of the Company and the shareholders of the Company as a whole to pursue the Business Opportunity; and (b) he and/or his close associates (other than the Group) shall only be entitled to take up the Business Opportunity if an independent board committee comprising of the independent non-executive Directors declines the Business Opportunity by written notice (the "**Decline Notice**") or Mr. Wei Jie or his close associates has not received the Decline Notice from the Company within 30 days from the receipt of the Offer Notice.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group as at the Latest Practicable Date.

## 7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

Save as the Framework Agreement, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor has any Director or their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Framework Agreement will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 2806–2807, 28/F., Champion Tower, 3 Garden Road Central, Hong Kong for a period of 14 days from the date of this circular up to and including the date of the EGM (excluding Saturdays, Sundays and public holidays).



**GOLD-FINANCE HOLDINGS LIMITED**

**金誠控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1462)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of the shareholders of Gold-Finance Holdings Limited (the “Company”) will be held at 2806–2807, 28/F., Champion Tower, 3 Garden Road Central, Hong Kong on Monday, 28 August 2017 at 10:30 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the entering into of the Framework Agreement and the Supplemental Agreement (as defined in the circular of the Company dated 11 August 2017 (the “Circular”)) (a copy of the Framework Agreement and the Supplemental Agreement have been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) by Hangzhou Jin Kai Yuan Guan Investment Management Company Limited\*, a wholly-owned subsidiary of the Company, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed; and
- (b) the proposed annual caps for the period from 1 July 2017 to 31 March 2020 in relation to the transactions under the Framework Agreement as disclosed in the Circular be and are hereby approved;

and that any director(s) of the Company and/or Jin Kai Yuan Guan be and are hereby authorised for and on behalf of the Company and/or Jin Kai Yuan Guan to execute all such documents and agreements and do such acts or things as they may in their discretion consider to be necessary, desirable or expedient to implement or give effect to or in connection with the Framework Agreement, and all other transactions contemplated thereunder including the proposed annual caps.”

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

Hong Kong, 11 August 2017

\* *for identification purpose only*

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## NOTICE OF EGM

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**Notes:**

- (1) Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- (2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.
- (3) In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 23 August 2017.
- (4) Voting at the EGM will be taken by poll.