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(Stock Code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

**ANNOUNCEMENT IN RELATION TO SUPPLEMENTAL AGREEMENTS TO  
THE SALE AND PURCHASE AGREEMENT  
AND  
DISCLOSEABLE TRANSACTION  
IN RELATION TO THE ACQUISITION OF 45% ISSUED SHARES OF  
INTRADAY FINANCIAL INFORMATION SERVICE LIMITED  
INVOLVING ISSUE OF CONSIDERATION SHARES**

**Financial Advisor to Greater China Holdings Limited**



Reference is made to the Announcements. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 15th April 2015 after trading hours, the Company, the Vendor and the Vendor Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor had conditionally agreed to sell and the Company had conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company, for an initial consideration of HK\$650 million (subject to adjustment), to be settled as to (i) HK\$286 million by way of issue and allotment of 88,000,000 Shares at Completion; and (ii) HK\$364 million by way of issue of the 2015 Convertible Note and the 2016 Convertible Note, both subject to adjustments on the basis of the Performance Targets.

**THE FIRST SUPPLEMENTAL AGREEMENT**

Subsequent to the entering into of the Sale and Purchase Agreement, the Company, the Vendor and the Vendor Guarantor entered into the First Supplemental Agreement on 10th June 2015 to amend the adjustment events for the Conversion Price of the Convertible Notes.

\* For identification purposes only

## **THE SECOND SUPPLEMENTAL AGREEMENT**

On 25th June 2015 after trading hours, the Company, the Vendor and the Vendor Guarantor further entered into the Second Supplemental Agreement, pursuant to which the parties thereto agree, *inter alia*, (i) amending the number of shares of the Target Company to be sold by the Vendor and acquired by the Company from 100 to 45; (ii) amending the Consideration from HK\$650 million to HK\$272.84 million; (iii) amending the terms of settlement of the Consideration, including (without limitation) adjusting to the number of Consideration Shares to be issued and allotted upon Completion and the corresponding Issue Price, cancelling of the issue of the 2015 Convertible Note and the 2016 Convertible Note, and amending the compensation mechanism for failure to achieve the Performance Targets; and (iv) amending the conditions precedent for the Completion.

### **LISTING RULES IMPLICATIONS**

Pursuant to the Second Supplemental Agreement, one or more of the revised applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but less than 25%. Therefore the Acquisition no longer constitutes a major transaction but a discloseable transaction for the Company under the Listing Rules. In addition, with the reduced number of Consideration Shares and the revised Issue Price, the Consideration Shares will be issued under the General Mandate. Accordingly, Shareholders' approval is no longer required for the Acquisition.

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- (i) HK\$286 million by way of issue and allotment of 88,000,000 Shares at Completion; and
- (ii) HK\$364 million (subject to adjustments) by way of issue of the Convertible Notes in the following manner:
  - (a) at the 2015 Convertible Note Issue Date, a sum of HK\$121,333,333 (subject to adjustment) to be paid by way of issue of the 2015 Convertible Note to the Vendor; and
  - (b) at the 2016 Convertible Note Issue Date, a sum of HK\$242,666,667 (subject to adjustment) to be paid by way of issue of the 2016 Convertible Note to the Vendor.

The initial Consideration payable by way of issue of the Convertible Notes was subject to adjustments on the basis of the Performance Targets as set out in the Sale and Purchase Agreement.

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The principal terms and conditions of the Second Supplemental Agreement are as follows:

### Date

25th June 2015

### Parties

Purchaser: the Company

Vendor: Long Tu Limited, an investment holding company incorporated in the British Virgin Islands with limited liability

Vendor Guarantor: Mr. Shao

As at the date of this announcement, 100 shares of the Target Company, being all its issued share capital, are legally and beneficially owned by the Vendor, which in turn is owned by Ample Sleek, Sino Crest and Asiabiz as to 65.8%, 28.2% and 6.0%, respectively. Mr. Chen Ningdi, a non-executive Director, and his associates indirectly own over 30% of the issued share capital in Asiabiz and therefore Asiabiz is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Save as the above, as to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor, the Vendor Guarantor and their ultimate beneficial owners are Independent Third Parties.

### Assets to be acquired

As amended by the Second Supplemental Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 45 shares of the Target Company, representing 45% of the issued shares of the Target Company.

The Target Company was introduced to the Company by Mr. Chen Ningdi, a non-executive Director. Mr. Chen is the founder and controlling shareholder of Asiabiz, which is a financial services company specializing in private equity investments in the PRC. Mr. Chen was appointed as the non-executive Director in February 2015.

Asiabiz entered into a subscription agreement with the Target Company and Mr. Shao on 27th January 2015 pursuant to which Asiabiz agreed to subscribe for 6% of the enlarged issued share capital of the Target Company at a consideration of US\$5 million, implying a valuation of 100% of the issued share capital of the Target Company of approximately US\$83,333,333 (equivalent to approximately HK\$650 million).

According to Asiabiz, they decided to invest in the Target Company and assessed the investment price after taking into account: (i) the strong growth potential of the PRC Internet finance industry with the support of favorable government policies on the development of an inclusive financial system in the PRC; (ii) the uniqueness of the Internet finance platform operated by the OPCO (the first platform in the PRC adopting culture, movie, television and arts as a key investment theme, innovative peer-to-network lending business model and relationships with other institutions (small loan companies, pawnshops, auction houses, cultural and art companies, movie production companies etc.)); (iii) the strong core management team of the OPCO with extensive knowledge and experience in the finance, Internet and the information technology industries; (iv) the expected business and financial growth of the OPCO; and (v) the recent comparable private equity transactions in the Internet finance industry and the listing of a comparable company on an overseas stock market.

During regular discussions between the Board members, Mr. Chen noted that the Company was interested in exploring suitable acquisition opportunities for the development of its PRC finance business. By then, Asiabiz had invested in the Target Company and Mr. Chen was of the view that the Company may also be interested in the Target Company given its business nature, industry background and growth prospects. Therefore, Mr. Chen introduced the Target Company to the Company in late February 2015 and the Company showed interest and commenced negotiations. As Mr. Chen is considered to have material interest in the Agreements and the transactions contemplated thereunder, he is required to abstain from voting in the Board resolutions considering and approving the Agreements and the transactions contemplated thereunder.

### **Consideration**

Pursuant to the Second Supplemental Agreement, the Consideration is adjusted downward from HK\$650 million to HK\$272.84 million. The revised Consideration of HK\$272.84 million for 45% of the issued shares of the Target Company implies a valuation of 100% of the issued share capital of the Target Company of approximately HK\$606.31 million. The revised Consideration was determined after arm's length negotiations between the Company and the Vendor after taking into account, a number of factors including but not limited to:

- (i) the trading performance of listed comparable companies engaging in business similar to the Target Group prior to entering into of the Second Supplemental Agreement;
- (ii) the Performance Targets (as defined below) of the Target Group and the related Performance Target Compensation (as defined below) and the Put Option (as defined below);
- (iii) the latest unaudited net asset value of the Target Group of approximately RMB101.4 million as at 31st March 2015;
- (iv) the operating performance of the Target Group including but not limited to the rapid growth in the number of registered users (refer to users who have registered investment accounts with the OPCO) and investment users (refer to registered users who have actually subscribed for the investment products offered by the OPCO), subscription amount, etc. as a result of the upgrading of the platform in February 2015. As at 31st May 2015, the platform had a total of 64,540 registered users, which was approximately 7.8 times as compared with 8,279 registered users as at 31st January 2015. There was also a strong growth in the number of investment users. As at 31st January 2015, the number of investment users was 532, which had been increased by approximately 83.6 times to 44,452 as at 31st May 2015. Please refer to the paragraph headed "Business information of the Target Group" below for more details;

- (v) the investment price of US\$5 million paid by Asiabiz for 6% shareholding in the Target Company (implying a valuation of 100% of the issued share capital of the Target Company of approximately US\$83,333,333 (equivalent to approximately HK\$650 million)); and
- (vi) the positive business prospects of the Target Group and the opportunity for the Company to enter into the rapidly growing Internet finance industry in the PRC as a result of the Acquisition, details of which are set out in the paragraph headed “Reasons for and benefits of the Acquisition” below.

Based on the above, the Board (save as Mr. Chen Ningdi who is required to abstain from voting on the Board resolutions considering and approving the Agreements and the transactions contemplated thereunder) considers the Consideration is fair and reasonable.

As amended by the Second Supplemental Agreement, the revised Consideration shall be satisfied in full by the Company by way of issue and allotment of 71,800,000 Consideration Shares at Completion. No Convertible Notes will be issued pursuant to the Second Supplemental Agreement.

## **Performance Targets and Put Option**

### ***Performance Targets***

The performance targets as jointly and severally warranted by the Vendor and the Vendor Guarantor under the Sale and Purchase Agreement as set out below will remain valid pursuant to the Second Supplemental Agreement:–

- (i) the Audited Consolidated Net Profit After Tax of the Target Group<sup>1</sup> for the period from 1st July 2015 to 31st December 2015 (the “**2015 Net Profit**”) shall not be less than RMB10,000,000 (the “**2015 Performance Target**”); and
- (ii) the Audited Consolidated Net Profit After Tax of the Target Group<sup>1</sup> for the financial year ending 31st December 2016 (the “**2016 Net Profit**”) shall not be less than RMB40,000,000 (the “**2016 Performance Target**” and together with the 2015 Performance Target, the “**Performance Targets**”).

*Note 1:* The Audited Consolidated Net Profit After Tax of the Target Group will mainly arise from the operation of the Internet finance platform in the PRC and will be prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

### ***Compensation for failure to meet the Performance Targets***

#### ***(a) Cash compensation***

Pursuant to the Second Supplemental Agreement, the compensation mechanism for the Performance Targets is amended such that:

- (i) If the 2015 Net Profit shall be less than the 2015 Performance Target, the Company shall be entitled to receive from the Vendor, and the Vendor shall have the obligation to pay to the Company, within 10 Business Days after the issue of the audited consolidated accounts of the Group for the 6 months period ending 31st December 2015, a sum in cash, being an amount equal to 45% of the difference between the 2015 Net Profit and the 2015 Performance Target (the “**2015 Performance Target Compensation**”); and

- (ii) If the 2016 Net Profit shall be less than the 2016 Performance Target, the Company shall be entitled to receive from the Vendor, and the Vendor shall have the obligation to pay to the Company, within 10 Business Days after the issue of the audited consolidated accounts of the Group for the financial year ending 31st December 2016, a sum in cash, being an amount equal to 45% of the difference between the 2016 Net Profit and the 2016 Performance Target (the “**2016 Performance Target Compensation**” and together with the 2015 Performance Target Compensation, the “**Performance Target Compensation**”).

(b) *Put Option*

Further, pursuant to the Second Supplemental Agreement, if both the 2015 Net Profit and the 2016 Net Profit shall be less than the 2015 Performance Target and the 2016 Performance Target, respectively, upon the sole and absolute discretion of the Board, the Company shall be entitled to require the Vendor, to purchase all the shares of the Target Company (the “**Put Shares**”) held by the Company (the “**Put Option**”) in cash within the period of 30 Business Days commencing from the 10th Business Day after the issue of the audited consolidated accounts of the Group for the financial year ending 31st December 2016 or such other period as the Vendor and the Company may otherwise agree in writing (the “**Put Option Period**”) subject to the requirements of the Listing Rules. If the Put Option is not exercised during the Put Option Period, the Put Option shall lapse and cease to have any effect.

The amount payable by the Vendor for the Put Shares upon the Company exercising the Put Option shall be equivalent to the Consideration provided that if the Company or its subsidiaries or its affiliated companies shall have advanced or made loans or other contribution to the Target Group, the Vendor shall also acquire such loan or contribution on a dollar-for-dollar basis.

If the Company elects to exercise the Put Option, the Company will no longer be entitled to the 2016 Performance Target Compensation.

### **Conditions Precedent**

Pursuant to the Second Supplemental Agreement, completion of the Acquisition is amended such that it is conditional upon satisfaction or waiver (as the case may be):

- (a) the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares;
- (b) all existing material permits in respect of the operation of the business of the Group (including the business of investment holding and operation of Internet finance platform) remaining valid and subsisting and no notice (actual or constructive) having been received by the Vendor or any member of the Target Group that the same will be terminated, revoked, withdrawn or suspended;
- (c) (i) all necessary statutory governmental and regulatory obligations having been complied with, and all necessary consents, approvals and waivers from the relevant statutory governmental and regulatory authorities having been obtained and continuing in force, and (ii) all necessary statutory filings have been made and waiting periods having expired or been terminated for or in connection with the completion of the transactions contemplated under the Agreements and uninterrupted continuation of the business (including the business of investment holding and operation of Internet finance platform) by the Target Group after Completion;

- (d) the Company having received a legal opinion, which shall be issued by a qualified lawyer in the PRC to be appointed by the Company and shall be in such form and substance acceptable to the Company, in respect of the WFOE and the OPCO and their respective assets, business (including the business of investment holding and operation of Internet finance platform) and operations, contracts and commitments, taxation and legal and regulatory aspects and such other matters reasonably requested by the Company or that may be material in the context of the transactions contemplated under the Agreements;
- (e) the Company having received a certified copy of the certificate of registration of the equity pledge ( 股權質押合同 ) or other equivalent documents certifying the due registration of the equity pledge in the PRC government authorities;
- (f) the Company notifying the Vendor in writing that it is reasonably satisfied with the due diligence review; and
- (g) the warranties, representations, undertakings and indemnities set out in the Agreements remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

The Company and the Vendor shall use their respective best endeavours to ensure that the Conditions in (a) to (g) are satisfied as soon as possible but in any event on or before the Long Stop Date. The Vendor shall also procure that the Conditions which have been fulfilled shall remain unrevoked up to Completion Date.

If all the Conditions in clauses (a) to (g) are not fulfilled or (after fulfilled, have been revoked by Completion Date, or), where permitted, waived by the Company (in the case of clauses (b) to (g)) in writing on or before the Long Stop Date, the Company may send 5 Business Days' written notice to the Vendor to terminate the Agreements. The Company may in its sole and absolute discretion to waive the Conditions in clauses (b) to (g). However, if the waiver issued would cause or result in any parties to the Agreements or any members of the Group breaching the Listing Rules and any other laws and regulations, such waiver may be subject to the terms and conditions imposed by the Company. As at the date of this announcement, the Company does not intend to waive any of the Conditions in clauses (b) to (g).

As at the date of this announcement, Condition in clause (e) has been fulfilled.

## **Completion**

Subject to all the Conditions being fulfilled (or where applicable waived by the Company in writing), Completion shall take place at 5:00 p.m. on the Completion Date.

Upon Completion, the Company shall appoint a nominee of the Vendor as an executive Director as approved by the Board in compliance with the Listing Rules and the Bye-Laws.

## **THE CONSIDERATION SHARES**

Pursuant to the Second Supplemental Agreement, the entire revised Consideration shall be settled in full by way of the issue and allotment of 71,800,000 Shares by the Company to the Vendor on the Completion Date, and the Issue Price shall be upward adjusted to HK\$3.8 per Consideration Share.

The Consideration Shares represent (i) approximately 19.98% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.65% of the total issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The Consideration Shares will be subject to a 18-month lock up after issue and allotment. The original share certificates of the Consideration Shares shall be kept in the possession of the Company's designated escrow agent upon Completion and shall be released to the Vendor on the first Business Day after the period of 18 months from the date of issuance of the Consideration Shares.

With the reduced number of Consideration Shares and the revised Issue Price, the Consideration Shares will be issued under the General Mandate. As at the date of this announcement, no Shares have been issued under the General Mandate. The Consideration Shares when issued and allotted shall rank pari passu in all respects with all other existing Shares outstanding on the Completion Date. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

## **THE ISSUE PRICE**

The revised Issue Price of the Consideration Shares is HK\$3.8 per Share, which represents:

- (i) a discount of approximately 19.49% to the closing price of HK\$4.72 per Share as quoted on the Stock Exchange on 25th June 2015, being the date of the Second Supplemental Agreement;
- (ii) a discount of approximately 19.49% to the average closing price of approximately HK\$4.72 per Share as quoted on the Stock Exchange for the last five trading days up to and including 25th June 2015;
- (iii) a discount of approximately 19.15% to the average closing price of approximately HK\$4.70 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 25th June 2015;
- (iv) a discount of approximately 13.64% to the average closing price of approximately HK\$4.40 per Share as quoted on the Stock Exchange for the last three months up to and including 25th June 2015; and
- (v) a premium of approximately 1,166.67% over the audited net asset value per Share attributable to the Shareholders of approximately HK\$0.30 as at 31st December 2014, calculated based on the audited consolidated net asset attributable to the Shareholders of approximately HK\$109,465,000 as at 31st December 2014 and 359,447,114 Shares issued as at the date of this announcement.

The revised Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the historical trading prices of the Shares and the net asset value per Share. Having considered that (i) the payment method of issuing the Consideration Shares will enlarge the equity base of the Company, (ii) the Issue Price represents a substantial premium over the Company's latest published audited net asset value per Share; and (iii) the recent trading performance of the Shares for the last three months up to the date of the Second Supplemental Agreement as illustrated in the above price comparison, the Directors (save as Mr. Chen Ningdi who is required to abstain from voting on the Board resolutions considering and approving the Agreements and the transactions contemplated thereunder) consider the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

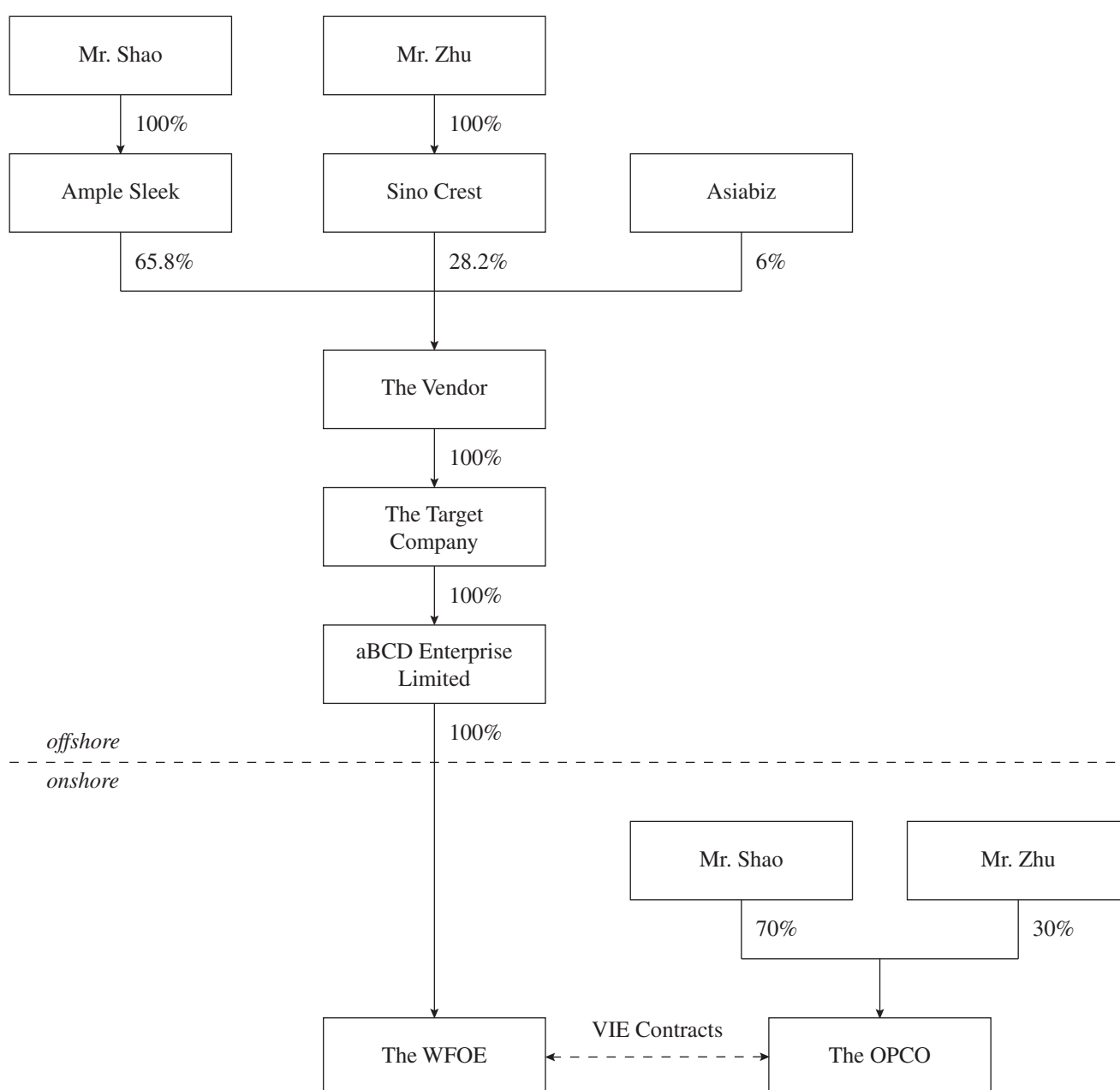


## INFORMATION OF THE TARGET GROUP

### The Target Company and its subsidiaries

The Target Company is an investment holding company incorporated in British Virgin Islands with limited liability on 8th September 2014. The Target Company currently owns the entire issued share capital of aBCD Enterprise Limited, which is an investment holding company holding the entire interests of the WFOE. The WFOE has an approved business scope of the provision of investment consulting services. The WFOE has entered into the VIE Contracts with the OPCO which is principally engaged in the operation of an Internet finance platform in the PRC called “當天金融在綫” (“Dangtian Finance Online”) (www.dtd365.com). Pursuant to the VIE Contracts, the WFOE is able to gain control over the finance and business operations of the OPCO, and is entitled to the economic interest and benefits of the OPCO. Each of the Target Company, aBCD Enterprise Limited and the WFOE does not have other material assets or businesses except for their interest in the OPCO.

Set out below is the shareholding structure of the Target Company as at the date of this announcement:



## Information on the Registered Shareholders of the OPCO

The registered shareholders of the OPCO are Mr. Shao and Mr. Zhu who own 70% and 30% equity interests of the OPCO respectively. Mr. Shao is the founder of the OPCO and Mr. Zhu became the registered shareholder of the OPCO in July 2014. Both Mr. Shao and Mr. Zhu are natural persons with PRC nationality.

### *Mr. Shao*

Mr. Shao is the Chairman of the OPCO. He has over 10 years of experience in the management of high-tech companies. Prior to founding the OPCO in 2014, Mr. Shao worked as the general manager in a high-tech company specializing in the provision of professional network security storage system solutions and related management consulting services in 2000 to 2004. Since 2004, he has founded and acted as the Chairman of a high-tech company engaging in computer information products, electronic information products and precision manufacturing. Through his years of experience in Internet industry, successful track record in founding company in the PRC as well as extensive channel and personal networking resources accumulated over the years, Mr. Shao has gained his knowledge and experience in the PRC Internet finance industry since he decided to set up the OPCO in the beginning of 2014.

### *Mr. Zhu*

Mr. Zhu is the supervisor of the OPCO. He was the IT head of 上海聯企網絡科技有限公司 (Shanghai Lianqi Network Technology Co., Ltd) prior to joining the OPCO. He graduated from Nanjing Artillery Command Institute.

Appropriate provisions have been incorporated in the VIE Contracts to protect the WFOE's interests in the event of death or divorce of the registered shareholders of the OPCO. The VIE Contracts have certain provisions which set out that the respective agreement shall be legally binding on the legal assignees or successors of the parties thereto and shall prevail over the wills, divorce agreements and debt agreements made by Mr. Shao and Mr. Zhu after the date of the VIE Contracts.

## The VIE Contracts

### *Background*

Pursuant to Regulation on Telecommunications of the PRC (《中華人民共和國電信條例》), Internet information service is categorized as value-added telecommunications business. Foreign investment in value-added telecommunications business is restricted under Catalogue of Industries for Guiding Foreign Investment (2011 Revision) (《外商投資產業指導目錄(2011年修訂)》) and Catalogue of Industries for Guiding Foreign Investment (2015 Revision) (《外商投資產業指導目錄(2015年修訂)》) (collectively the “**Catalogue of Industries for Guiding Foreign Investment**”), and the foreign ownership in such business cannot exceed 50%. According to the telephone consultation with relevant officials of Shanghai Communications Administration (上海市通信管理局) conducted by the Company's PRC legal adviser on 14th April 2015, providing financial information services through Internet is categorized as Internet information services. The relevant officials being consulted with are in charge of business handling, and the Company's PRC legal adviser is of the view that they are authorized representatives for such consultation. Therefore, the operation of the Internet finance platform by the OPCO is categorized as value added telecommunications business and the foreign ownership in the OPCO should not exceed 50%. In light of the above, the Company's PRC legal adviser is of the view that the WFOE, as a foreign-owned company, is not allowed to acquire the entire equity interests of the OPCO under the PRC laws.

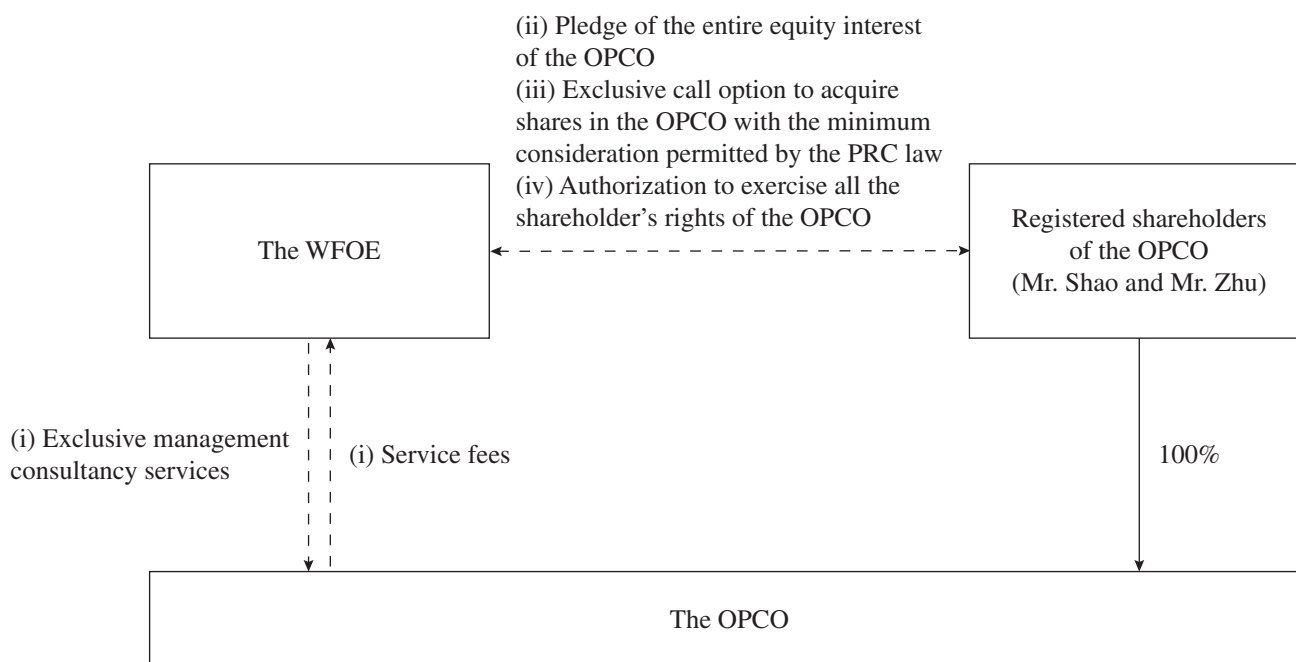
As such, the WFOE, the OPCO and the registered shareholders of the OPCO entered into the VIE Contracts to enable the financial results, the entire economic benefits and the risks of the businesses of the OPCO to flow onto the WFOE and to enable the WFOE to gain control over the OPCO.

Each of the registered shareholders of the OPCO has undertaken that in the event it is permissible under the relevant PRC laws, rules and regulations for the WFOE or its nominee to acquire the entire equity interests of the OPCO in the future, the WFOE or its nominee shall exercise the options under the Exclusive Call Option Agreement as soon as practicable and the relevant VIE Contracts shall be terminated.

In view of the 50% foreign ownership restriction under the Catalogue of Industries for Guiding Foreign Investment, the Board has considered the option of acquiring 45% equity interest of the OPCO directly. However, as advised by the Company’s PRC legal adviser, pursuant to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council of the PRC on 11th December 2001 and amended on 10th September 2008, the foreign shareholders of companies engaging in value-added telecommunications business should possess satisfactory track record and experience in operating value-added telecommunications business (the “Qualifications”). As the Company and its subsidiaries do not possess the required Qualifications, it is not possible for the Company or its subsidiaries to be the foreign shareholder of the OPCO.

### ***Details of the VIE Contracts***

The following simplified diagram illustrates the flow of economic benefits from the OPCO to the WFOE stipulated under the VIE Contracts:



### ***Notes:***

For details, please refer to the corresponding numbered paragraphs below.

“—————>” denotes direct legal and beneficial ownership in the equity interest

“- - - - ->” denotes contractual relationship under the VIE Contracts

The details of the VIE Contracts are summarized as follows:–

**(i) Exclusive Consulting Service Agreement (獨家管理顧問服務協議)**

Date: 14th April 2015

Parties: (i) The WFOE

(ii) The OPCO

Term: Effective upon its execution and can only be terminated if:

(i) the entire equity interest held by each of the registered shareholders of the OPCO has been legally and duly transferred to the WFOE or its nominee;

(ii) upon the request of the WFOE; or

(iii) being forced to be terminated under the then applicable PRC laws and regulations.

Subject: Pursuant to the Exclusive Consulting Service Agreement, the WFOE shall provide the OPCO with exclusive management consultancy services, including, among others, establishing appropriate business model of online platform for investment and financing, management and operation policies, and marketing plans and strategies, as well as provision of market and customer intelligence and research, assisting in establishing transfer model of creditor's rights, and developing business and operational funding alternatives. Detailed provisions have been set out in the Exclusive Consulting Service Agreement pursuant to which the OPCO must operate in accordance with the provisions insofar as permitted under relevant PRC laws and regulations and seek for the prior written approval from the WFOE if required.

For services provided by the WFOE, the OPCO shall pay to the WFOE, as consultancy services fee, its entire profits before income tax (net of operating and other tax expenses) on an annual basis. The WFOE has the right to adjust the service fee in accordance with its services provided.

Since the OPCO must operate in accordance with the advice or recommendations provided by the WFOE and the OPCO is required to pay the WFOE its entire profits before income tax (net of operating and other tax expenses) as consultancy service fee pursuant to the Exclusive Consulting Service Agreement, the Board is of the view that the Exclusive Consulting Service Agreement enables the WFOE to gain control over the finance and business operations of the OPCO.

**(ii) Equity Pledge Agreement ( 股權質押合同 )**

Date: 14th April 2015

Parties: (i) The WFOE  
(ii) The registered shareholders of the OPCO

Term of Pledge: Indefinite commencing from the date of its execution by all relevant parties (subject to the registration of the pledge in the register of members of the OPCO which have been completed). The equity pledge created thereunder shall become effective upon such pledge having been duly registered with the relevant State Administration for Industry and Commerce of the PRC, until all payment obligations under the Exclusive Consulting Service Agreement have been fulfilled and the OPCO is no longer responsible for the obligations under the Exclusive Consulting Service Agreement. The equity pledge has been duly registered with the relevant State Administration for Industry and Commerce of the PRC as at the date of this announcement.

Subject: Pursuant to the Equity Pledge Agreement, the registered shareholders of the OPCO agreed to pledge the entire equity interest of the OPCO to the WFOE, as security for the payment obligation under the Exclusive Consulting Service Agreement. Under the Equity Pledge Agreement, except with prior written consent of the WFOE or under the terms of the Exclusive Call Option Agreement, the registered shareholders of the OPCO are prohibited from transferring any of their equity interest in the OPCO, or creating or allowing any creation of any pledge which may affect the rights and benefits of the WFOE.

Since the entire equity interest of the OPCO has been pledged to the WFOE as security for the payment obligation under the Exclusive Consulting Service Agreement and the registered shareholders of the OPCO are prohibited from transferring any of their equity interest in the OPCO, or creating or allowing any creation of any pledge which may affect the rights and benefits of the WFOE pursuant to the Equity Pledge Agreement, the Board is of the view that the Equity Pledge Agreement enables the WFOE to further secure its control over the finance and business operations of the OPCO.

**(iii) Exclusive Call Option Agreement ( 獨家購買期權協議 )**

Date: 14th April 2015

Parties: (i) The WFOE  
(ii) The OPCO  
(iii) The registered shareholders of the OPCO

Term: Effective upon execution of the agreement (i.e. 14th April 2015) until the entire equity interests of the OPCO have been transferred to the WFOE.

Subject: Pursuant to the Exclusive Call Option Agreement, the registered shareholders of the OPCO agreed to irrevocably grant a right to the WFOE that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in the OPCO to the WFOE with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under applicable PRC laws and regulations, the full amount of consideration received by or paid to the registered shareholders of the OPCO, shall be returned to the WFOE.

The registered shareholders of the OPCO shall, upon request from the WFOE at any time, immediately and unconditionally transfer their entire equity interest in the OPCO to such representative(s) as nominated by the WFOE.

The registered shareholders of the OPCO undertake that, among other things, they will not:

- (i) execute any agreement to the effect of selling, transferring, pledging or otherwise disposing, or creating any encumbrances over the legal or beneficial interests of the OPCO, save in respect of the pledge of equity interest to the WFOE in accordance with the terms of the Equity Pledge Agreement;
- (ii) approve or authorize any sale, transfer, pledge, disposal or creation of any encumbrances over the legal or beneficial interests of the OPCO, save in respect of the pledge of equity interest to the WFOE in accordance with the terms of the Equity Pledge Agreement; or
- (iii) approve or authorize the OPCO for any merger, amalgamation, acquisition or make any investments.

The Exclusive Call Option Agreement also sets out detailed provisions that the OPCO should follow or prohibit the OPCO to act without the prior written approval from the WFOE.

Since the registered shareholders of the OPCO are required to return the full amount of consideration (if any) received by or paid to them in the event of transfer of equity interests in the OPCO to the WFOE and they have undertaken to take no action which may result in reduction or loss in assets or have adverse effect on the business, operations and asset value of the OPCO pursuant to the Exclusive Call Option Agreement, the Board is of the view that the Exclusive Call Option Agreement enables the WFOE to gain control over the finance and business operations of the OPCO.

**(iv) Authorization Agreement (授權委託協議)**

Date: 14th April 2015

Parties: (i) The WFOE  
(ii) The registered shareholders of the OPCO

Term: Effective upon execution of the agreement (i.e. 14th April 2015) until it is terminated by written notice by all parties to the agreement or the entire equity interest of the OPCO held by the registered shareholders has been transferred to the WFOE.

Subject: Pursuant to the Authorization Agreement, the registered shareholders of the OPCO have unconditionally and irrevocably authorized and appointed the WFOE or any party assigned by the WFOE to exercise, at the discretion of the WFOE, all the shareholder's rights of the OPCO including (without limitation) rights to approve shareholders' resolutions, file documents with the relevant companies registry, convene and vote in shareholders' meetings, transfer or otherwise dispose with the equity interest of the OPCO, and all shareholders' rights provided for under the PRC laws and the articles of the OPCO. Pursuant to the PRC Company Law and the articles of the OPCO, minutes should be prepared for all the shareholders' resolutions made during the shareholder meetings and shareholders who have attended the shareholder meetings should sign on the minutes. Therefore, the shareholder's rights of the OPCO include the rights to sign minutes.

Pursuant to the Authorization Agreement, the WFOE also has the right to authorize, at any time, any of its directors and their respective successors (including the liquidation committee of the WFOE upon liquidation of the WFOE), and the directors (and successors) of the OPCO as nominated by the WFOE (including members of the liquidation committee of the OPCO nominated by the WFOE upon liquidation of the OPCO), to exercise all rights granted to the WFOE under the Authorization Agreement. Pursuant to the PRC Company Law and the articles of the OPCO, the OPCO should set up a liquidation committee within 15 days from the occurrence of event which leads to liquidation. The liquidation committee should be formed by the shareholders of the OPCO and approved by shareholders' resolution. Therefore, in case of the OPCO's winding up, the WFOE or its nominees has the right to request the shareholders to take instruction from the WFOE or its nominees to form the liquidation committee of the OPCO. The liquidation committee has the right to liquidate the OPCO's assets and dispose of the OPCO's residual assets after all the OPCO's debts are settled.

Since the registered shareholders of the OPCO have unconditionally and irrevocably authorized and appointed the WFOE or any party assigned by the WFOE to exercise, at the discretion of the WFOE, all the shareholders' rights of the OPCO and the WFOE has the right to authorize any of its directors and their respective successors (including the liquidation committee of the WFOE upon liquidation of the WFOE), and the directors (and successors) of the OPCO as nominated by the WFOE (including members of the liquidation committee of the OPCO nominated by the WFOE upon liquidation of the

OPCO) to exercise all rights granted to the WFOE under the Authorization Agreement, the Board is of the view that the Authorization Agreement enables the WFOE to gain control over the finance and business operations of the OPCO.

The Company has published the key terms of the VIE Contracts on the website at <http://www.irasia.com/listco/hk/greaterchina/index.htm> since the date of this announcement. The Company will also comply with the disclosure requirements under paragraph 20 of Guidance Letter 77-14 issued by the Stock Exchange to keep Shareholders informed of the OPCO's business in the Company's annual reports.

### ***Compliance of VIE Contracts with PRC laws, rules and regulations***

As advised by the Company's PRC legal adviser, the VIE Contracts comply with the PRC laws, rules and regulations applicable to the business of the WFOE and the OPCO (including the Catalogue of Industries for Guiding Foreign Investment), do not contravene the articles of the WFOE and the OPCO, and would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC Contract Law. The VIE Contracts are valid and enforceable against the parties to the VIE Contracts (save for the dispute resolution clauses as contained in the VIE Contracts, further details of which are set out in the risk factor headed "Potential conflicts of interest among the WFOE, the OPCO and the registered shareholders of the OPCO may exist" under the section headed "Risk Factors Relating to the VIE Contracts" and the paragraph headed "Dispute resolutions in the VIE Contracts" below). The Company's PRC legal adviser also confirms that all necessary actions or steps have been taken to enable it to reach its legal conclusions. Up to the date of this announcement, as advised by the Vendor, the WFOE has not encountered any interference or encumbrance from any governing bodies in operating its business through the OPCO under the VIE Contracts.

### ***Dispute resolution clauses in the VIE Contracts***

The VIE Contracts contain dispute resolution clauses that: (i) provide for arbitration and that arbitrators may award remedies over the shares or assets of the OPCO, injunctive relief or order the winding up of OPCO; and (ii) provide the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the British Virgin Islands (the place of incorporation of the Target Company) and Bermuda (the place of incorporation of the Company), the place of incorporation of the OPCO and the place where the OPCO's principal assets are located have been specified as competent jurisdictions for this purpose.

According to the VIE Contracts, the signing parties agreed that the VIE Contracts shall be governed by and construed in accordance with the PRC laws. However, the VIE Contracts also specified the courts of Hong Kong, the British Virgin Islands and Bermuda as competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. As those jurisdictions are not governed by the PRC laws, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to whether the relevant PRC court would recognize and enforce rulings in accordance with those specified in the arbitration provisions, and/or recognize the courts of Hong Kong, the British Virgin Islands (the place of incorporation of the Target Company) and Bermuda (the place of incorporation of the Company) as competent jurisdictions for the purpose of the arbitration provisions.



On the other hand, although the courts of Hong Kong, the British Virgin Islands and Bermuda are regarded as competent jurisdictions for the purpose of the arbitration provisions, the parties to the VIE Contracts are PRC entities and the subject matter contained therein is related to the PRC, the courts of Hong Kong, the British Virgin Islands and Bermuda may not accept that they are the proper forum for legal proceedings arose under the VIE Contracts. Upon Completion, in case the Company initiates arbitration under the VIE Contracts in Hong Kong, the British Virgin Islands and Bermuda and the PRC courts do not recognize and enforce the arbitral rulings, the Company or its subsidiaries may consider initiating separate legal proceedings or arbitration in the PRC under the VIE Contracts. However, taking into account that the parties to the VIE Contracts are PRC entities and all the assets of the OPCO are located in the PRC, the Board is of the view that the possibility of initiating arbitration under the VIE Contracts in Hong Kong, the British Virgin Islands and Bermuda is remote.

According to the currently effective Arbitration Law of the PRC and Civil Procedure Law of the PRC, if arbitration is impossible or difficult to be enforced for one party due to the counterparty's actions or other reasons, the party can apply for asset preservation, and the arbitration commission (including Shanghai Arbitration Commission) should bring the application to the court in accordance with the Civil Procedure Law of the PRC. Besides, according to Civil Procedure Law of the PRC, if the benefit of the party will be suffered from irreparable loss as immediate application for asset preservation cannot be made in case of emergency, the party can apply for asset preservation from a court where the preserved assets are located or the counterparty is resided or any other competent court for the case concerned before seeking for arbitration. However, the applicant shall provide guarantee, otherwise the application will not be accepted by the court.

### ***Internal control measures***

The VIE Contracts have contained certain provisions in order to exercise effective control over and to safeguard the assets of the OPCO, including but not limited to that, without the prior written consent of the WFOE, the registered shareholders of the OPCO shall not at any time sell, transfer, pledge, or otherwise dispose or create any encumbrances over the legal or beneficial interests of the OPCO, the OPCO shall conduct its business in ordinary and usual course to preserve the asset value of the OPCO and shall not engage in any action (or inaction) which may have any adverse effect on the business, operations and asset value of the OPCO, and etc. Besides, the OPCO's directors, legal representative, general manager, chief financial officer and other executives will be appointed under the WFOE's recommendations and such senior management will have the physical possession of all the OPCO's common seals, company chops and books and records.

Having considered that the existing senior management team possesses relevant experience and industry knowledge in the business operation of the OPCO and the OPCO has successfully achieved a rapid growth under the leadership of current senior management, it is the current intention of the WFOE to retain the existing senior management team of the OPCO. The existing senior management team of the OPCO will terminate the current service contracts with the OPCO and enter into new service contracts with the WFOE. The WFOE will then recommend the OPCO to re-appoint the relevant senior management. As a result, the senior management of the OPCO will effectively be under the control and instruction of the WFOE.

In addition to the abovementioned internal control measures as provided in the VIE Contracts, it is the current intention of the WFOE to implement additional internal control measures against the OPCO as appropriate, which may include (without limitation):

- the OPCO to make available monthly management accounts within 15 days after each month end and provide explanations on any material fluctuations to the WFOE;

- the OPCO to submit monthly key operating data (e.g. number of registered users and investment users, subscription amount etc.) within 15 days after each month end;
- the OPCO to submit copies of latest bank statements for every bank accounts of the OPCO within 15 days after each month end; and
- the OPCO to assist and facilitate the WFOE to conduct quarterly on-site internal audit on the OPCO.

***Economic risks the WFOE bears as the primary beneficiary of the OPCO, financial support to the OPCO and potential exposure of the Target Company to losses***

As the primary beneficiary of the OPCO, the WFOE bears economic risks which may arise from difficulties in the operation of the OPCO's business. The WFOE will share both profit and loss of the OPCO. Under the VIE Contracts, the WFOE shall provide financial support in the event of financial difficulty of the OPCO. On the other hand, the WFOE shall have the sole and absolute discretion to decide and resolve whether to continue the business and operations of the OPCO, and the OPCO must unconditionally agree to such decision as determined by the WFOE.

***Board's view on the VIE Contracts***

Based on the above, the Board is of the view that the VIE Contracts are narrowly tailored to achieve OPCO's business purpose and to minimize the potential conflict with the registered shareholders of the OPCO and are enforceable under the relevant PRC laws and regulations. The VIE Contracts enable the WFOE to gain control over the finance and business operations of the OPCO, and the WFOE is entitled to the economic interest and benefits of the OPCO. The VIE Contracts also provide that the WFOE will unwind the VIE Contracts as soon as relevant PRC rules and regulations governing foreign investment in value-added telecommunications business are issued which allow the WFOE to register itself as shareholder of the OPCO.

**Possible impact of the Draft Law on the VIE Contracts and the business of the Target Group**

***The Draft Law***

On 19th January 2015, the Ministry of Commerce of the PRC published the Draft Law, which contains changes to the PRC foreign investment legal regime and the treatment of the VIE arrangement. The Draft Law clearly defines the VIE arrangement as a form of foreign investment. When the Draft Law is adopted, the PRC Foreign Investment Law 《中國外國投資法》 shall apply to investments using the VIE arrangement.

There is no concrete guidance on how the existing and new VIE arrangements should be treated in the Draft Law. For investments using the VIE arrangement which exist before the Draft Law is adopted and becomes law, if the underlying businesses are still being categorized as forbidden or restricted foreign investment businesses after the Draft Law is adopted and becomes law, there are three suggested available alternatives in dealing with such VIE arrangements pursuant to the Draft Law:

- (i) The foreign investment enterprise under the VIE arrangement shall declare to the foreign investment authority under the State Council of the PRC that it is effectively controlled by PRC investors, after such declaration, the VIE arrangement can be retained and the relevant parties can continue the operation;

- (ii) The foreign investment enterprise under the VIE arrangement shall file an application with the foreign investment authority under the State Council of the PRC for being recognized as party under the effective control of PRC investors. If the foreign investment authority recognizes it as being effectively controlled by PRC investors, the VIE arrangement can be retained and the relevant parties can continue the operation; or
- (iii) The foreign investment enterprise under the VIE arrangement shall apply for entry permit from the foreign investment authority under the State Council of the PRC, and the foreign investment authority and relevant authorities will consider factors including the actual controller of the foreign investment enterprise and make a decision on how the relevant VIE arrangement should be handled.

The Draft Law has abolished the case-by-case examination and approval system established by current PRC foreign investment laws and regulations, and has designed the foreign investment access administration system corresponding to the management mode of pre-access national treatment plus negative list. The competent authorities of foreign investment only implement access permission for investment within the fields specified in the Catalogue of Special Administrative Measures (特別管理措施目錄), which may take the role of the Catalogue for the Guidance of Foreign Investment Industries after the Draft Law is adopted and becomes law, and the objects under review are no longer contracts and articles of association, but rather foreign investors and their investment behavior. Under the management mode of negative list, the majority of foreign investment access matters will no longer be subject to examination and approval. It also provides that foreign investors must perform the reporting obligation when investing within the territory of the PRC, whether within the fields specified in the Catalogue of Special Administrative Measures (特別管理措施目錄).

For the purpose of the Draft Law, “control” refers to the circumstances that any of the following conditions is met with respect to an enterprise: (i) holding, directly or indirectly, not less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise; (ii) holding, directly or indirectly, less than 50% of shares, equities, share of properties, voting rights or other similar rights of the enterprise, but falling under any of the following circumstances: (a) having the right to directly or indirectly appoint not less than half of the members of the board of directors or other similar decision-making body of the enterprise; (b) having the ability to ensure that its nominees occupy not less than half of the seats on the board of directors or other similar decision-making body of the enterprise; or (c) holding voting rights sufficient to impose significant impacts on any resolution of the board of shareholders, at the general meeting of shareholders, or of the board of directors or other decision-making body of the enterprise; or (iii) imposing decisive impacts on the operation, finance, personnel or technology of the enterprise by contract, trust, or other means. For the purpose of the Draft Law, “actual controllers” refer to natural persons or enterprises that directly or indirectly control any foreign investor or foreign-invested enterprise.

As defined in the Draft Law, “PRC investors” refer to the following subjects: (i) natural persons with PRC nationality; (ii) the PRC government and the departments or agencies there under; or (iii) domestic enterprises under the control of the subjects as mentioned in the preceding two categories. Meanwhile, “foreign investors” refer to the following subjects making investments within the territory of the PRC: (i) natural persons without the PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than the PRC; (iii) the governments of countries or regions other than the PRC and the departments or agencies there under; and (iv) international organizations. Domestic enterprises under the control of the subjects as mentioned in the preceding paragraph are deemed as foreign investors.

### ***Possible impact of the Draft Law***

Upon Completion, the WFOE will be ultimately owned by Ample Sleek, Sino Crest, Asiabiz and the Company as to approximately 36.2%, 15.5%, 3.3% and 45.0%, respectively. Ample Sleek and Sino Crest are respectively wholly owned by Mr. Shao and Mr. Zhu, who are natural persons with PRC nationality (i.e. category (i) of PRC investors as currently defined under the Draft Law). As Ample Sleek and Sino Crest will together ultimately hold approximately 51.7% equity interests in the WFOE upon Completion, according to the Company's PRC legal adviser, the WFOE will be considered as being controlled by the PRC investors as currently defined under the Draft Law upon Completion.

As a result, assuming value-added telecommunications business is still categorized as restricted foreign investment business and either alternative (i) or (ii) out of the three suggested available alternatives in dealing with VIE arrangement as mentioned above is finally adopted by the Draft Law when it is adopted and becomes law, the VIE Contracts should be able to be retained and the relevant parties can continue the operation of the OPCO given that the WFOE is being controlled by the PRC investors as currently defined under the Draft Law.

However, according to the Company's PRC legal adviser, the Draft Law is currently in consultation stage and has not yet been effective or legally binding. As there are uncertainties on the final content and interpretations of the Draft Law if and when it is adopted and becomes law, there is no assurance that the VIE Contracts and the business of the Target Group will not be materially affected in the future. In order to continuously monitor the development of the Draft Law to assess the possible impact on the VIE Contracts and the business of the Target Group, the Board will monitor the updates of the Draft Law and discuss with the Company's PRC legal adviser on a regular basis. In case there would be material impact on the Group or the business of the Target Group, the Company will timely publish announcements in relation to material developments of and arising from the Draft Law.

### **Business information of the Target Group**

The Target Group, through the OPCO, is primarily engaged in the operation of an Internet finance platform called “當天金融在線” (“Dangtian Finance Online”) ([www.dtd365.com](http://www.dtd365.com)), which is the first platform in the PRC which adopts culture, movie, television and arts as a key investment theme. The platform was first launched in June 2014 and was upgraded in February 2015. It serves as an information intermediary and light asset exchange interface for investors and borrowers. The OPCO has a team of professional advisors, and combines its advanced risk control and assessment system, big data analysis system together with Internet and mobile telecommunication technologies to construct a safe, professional, efficient and transparent Internet finance platform. As at 31st May 2015, the platform had a total of 64,540 registered users, which was approximately 7.8 times as compared with 8,279 registered users as at 31st January 2015 as a result of the upgrading of the platform on 1st February 2015. As at 31st May 2015, 44,452 of the registered users had subscribed for the investment products, which was approximately 83.6 times as compared with 532 investment users as at 31st January 2015. For the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014 and the three months ended 31st March 2015, the total subscription amount of the investment products of the OPCO was approximately RMB9.6 million and RMB37.3 million, respectively.

According to the Target Group, the OPCO adopts the peer-to-network (“P2N”) lending business model, which can be considered as a sub-sector of the P2P lending model. The OPCO first gathers information on potential investment products through co-operation with other institutions including but not limited to small loan companies, pawnshops, auction houses, cultural and art companies, movie production companies etc. The OPCO will then screen the potential investment products and conduct due diligence on selected products. Only those investment products which have passed the due diligence and risk assessments conducted by the OPCO will be offered on its platform for subscription by registered users.

As advised by the Target Group, currently the platform offers three types of investment products:

- (i) “當天安逸” (“**Dangtian Anyi**”) offers products of small-loan creditors’ rights held by small-loan companies. The investment period of 當天安逸 (Dangtian Anyi) usually ranges from 3 to 12 months with a targeted investment return of approximately 12% per annum. 當天安逸 (Dangtian Anyi) was formally launched on 1st February 2015 and the total subscription amount of 當天安逸 (Dangtian Anyi) during the period from 1st February 2015 to 31st March 2015 was approximately RMB18.79 million.

For investment products of 當天安逸 (Dangtian Anyi), the small-loan companies first enter into creditor’s rights transfer agreements with the third party asset management companies which purchase the creditors’ rights of the loans. The asset management companies pay the transfer price (which is equivalent to the principal amount of the relevant loans) to the small-loan companies and enjoy all the rights related to the underlying creditor’s rights of the loans, and the small-loan companies are responsible for the post-loan management services, which include but not limited to site visit, checking of the borrowers’ operating status and review of their financial statements on a regular basis.

The OPCO then enters into consulting service agreements with the third party asset management companies, offers the relevant products for subscription on its platform and arranges the investment users to enter into borrowing agreements with the asset management companies. Pursuant to the borrowing agreements, the investment users pay the transfer price (which is equivalent to the principal amount of the relevant loans) to the asset management companies for the creditors’ rights of the loans and enjoy all the underlying rights of the relevant loans, while the asset management companies will repurchase the creditor’s rights of the loans at an agreed price at maturity.

All the investment products of 當天安逸 (Dangtian Anyi) are required to be fully secured by credit guarantees from reputable third party guarantee companies. Currently, the guarantee company which has provided credit guarantee for 當天安逸 (Dangtian Anyi) is Shanghai Oriental Hongqiao Financing Guarantee Company Ltd. (上海東虹橋融資擔保股份有限公司). The guarantee company will compensate for the loss suffered by the investment users due to default by the asset management company (no matter whether the default is caused by the asset management company itself or resulted from the default by the small loan company). However, the asset management company will bear the default risk in case the small loan company defaults under the creditor’s right transfer agreement entered into between the small loan company and the asset management company.

- (ii) “當天典藏” (“**Dangtian Diancang**”) offers products of pawn-loan creditors’ rights held by pawnshops. The investment period of 當天典藏 (Dangtian Diancang) usually ranges from 1 to 6 months with a targeted investment return of approximately 12% to 13% per annum. The total subscription amount of 當天典藏 (Dangtian Diancang) in January 2015 was approximately RMB0.86 million and increased to approximately RMB2.25 million and approximately RMB4.93 million in February 2015 and March 2015, respectively pursuant to the upgrading of the platform on 1st February 2015.

For investment products of 當天典藏 (Dangtian Diancang), the pawnshops first enter into creditor’s rights transfer agreements with the third party asset management companies which purchase the creditors’ rights of the pawn-loans for a designated period, and the pawnshops will repurchase the creditor’s rights of the loans at an agreed price at maturity. The asset management companies pay the transfer price (which is equivalent to the principal amount of the relevant loans) to the pawnshops and enjoy all the rights related to the underlying creditor’s rights of the pawn-loans during the transferred period, and the pawnshops are responsible for the post-loan management services, which include but not limited to site visit, checking of the borrowers’ operating status and review of the value of the collaterals on a regular basis.

The OPCO then enters into consulting service agreements with the third party asset management companies, offers the relevant products for subscription on its platform and arranges the investment users to enter into borrowing agreements with the asset management companies. Pursuant to the borrowing agreements, the investment users pay the transfer price (which is equivalent to the principal amount of the relevant loans) to the asset management companies for the creditors’ rights of the pawn-loans and enjoy all the underlying rights of the relevant pawn-loans, while the asset management companies will repurchase the creditor’s rights of the pawn-loans at an agreed price at maturity.

The investment products of 當天典藏 (Dangtian Diancang) are not secured by any credit guarantees. As the pawnshops are obligated to repurchase the creditor’s rights of the loans at maturity pursuant to the creditors’ rights transfer agreements entered into with the asset management companies and the loans are secured by collaterals, the OPCO is of the view that no additional credit guarantees are required for 當天典藏 (Dangtian Diancang).

Since the third party asset management companies have entered into the creditor’s rights transfer agreements with the pawnshops, in case the pawnshops default, the third party asset management companies have the rights to claim the collaterals. Similarly, since the investment users have entered into the borrowing agreements with the third party asset management companies, in case the asset management companies default, the investment users have the rights to claim the collaterals. However, in the event that the asset management companies or the investment users cannot exercise their rights to claim the collaterals for whatever reasons or the value of the collaterals are insufficient to cover the total sum of principal amount of the loans and interests, they will suffer from investment loss.

In order to minimize the risk of default, the OPCO conducts stringent due diligence on investment products as well as the pawnshops and asset management companies, details of which will be further discussed in the later part of this paragraph.

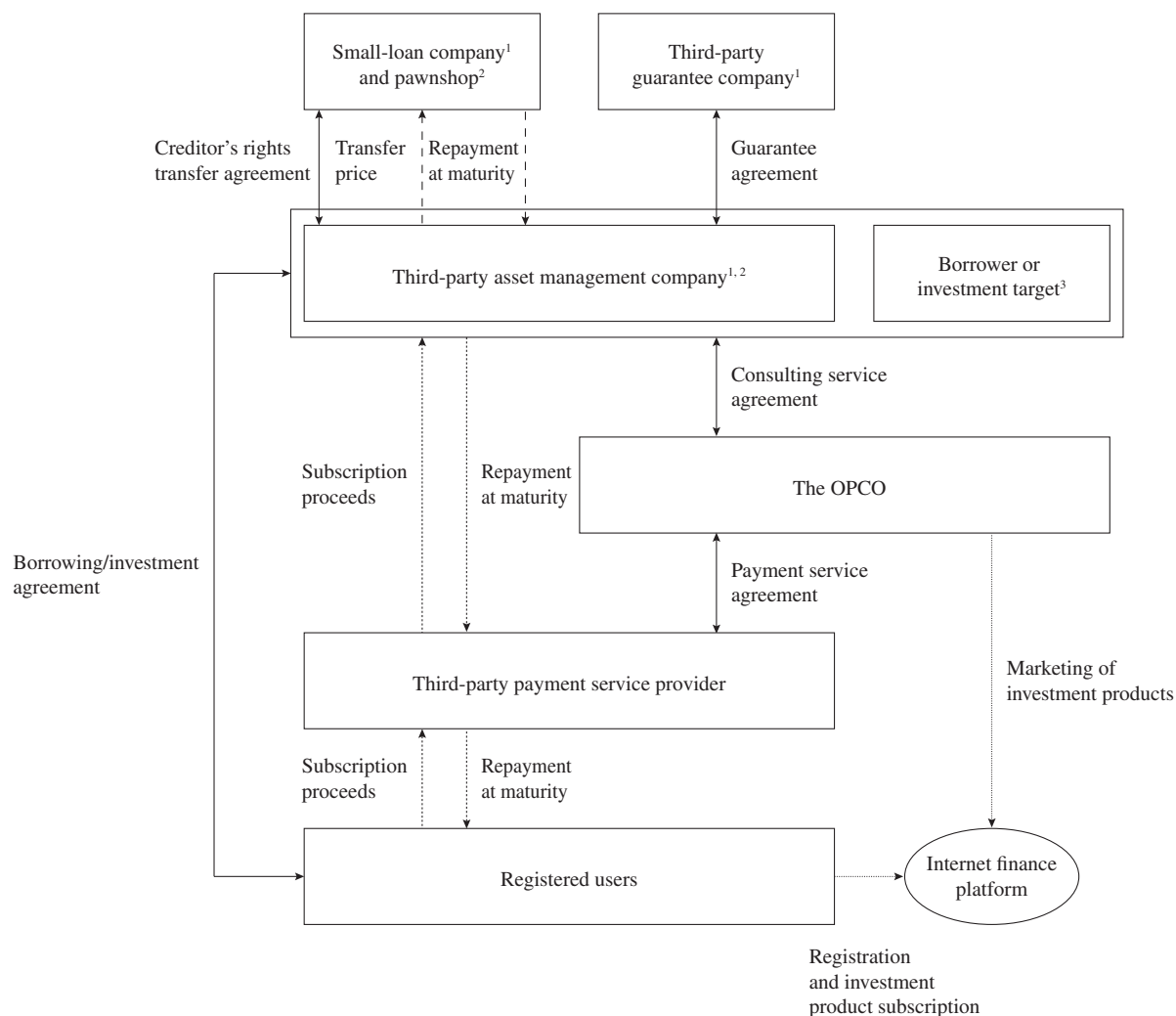
(iii) “當天臻選” (“**Dangtian Zhenxuan**”) offers products of fully-secured mortgage loans by corporations. The borrowers are large or medium corporations. Culture, movie, television and arts related investment projects are included in this product category. For the period from 7th May 2014 to 31st December 2014 and the five months ended 31st May 2015, there were 5 and 2 borrowers or investment targets, respectively for 當天臻選 (Dangtian Zhenxuan). Compared with the other two investment products, the return of 當天臻選 (Dangtian Zhenxuan) is generally expected to be higher. The investment period of 當天臻選 (Dangtian Zhenxuan) usually ranges from 3 to 12 months with a targeted investment return of approximately 12% to 13.5% per annum. The total subscription amount of 當天臻選 (Dangtian Zhenxuan) in January 2015 was approximately RMB0.56 million and increased to approximately RMB2.35 million and approximately RMB7.54 million in February 2015 and March 2015, respectively pursuant to the upgrading of the platform on 1st February 2015.

For investment products of 當天臻選 (Dangtian Zhenxuan), the OPCO enters into consulting service agreements with the borrowers or investment targets directly, offers the relevant products for subscription on its platform and arranges the investment users to enter into borrowing or investment agreements with the borrowers or investment targets. Pursuant to the borrowing or investment agreements, the investment users enjoy all the creditors’ rights of the loans or equity rights of the investments and the borrowers or investment targets will repay the loans or redeem the investment at an agreed price at maturity. Since the investment users have entered into the borrowing or investment agreements with the borrowers or investment targets, in case the borrowers or investment targets default, the investment users have the rights to claim the mortgaged properties. However, in the event that the investment users cannot exercise their rights to claim the mortgaged properties for whatever reasons or the value of the mortgaged properties is not sufficient to cover the total sum of principal amount of the loans/investments and interests, they will suffer from investment loss.

In order to minimize the risk of default, the OPCO conducts stringent due diligence on the borrowers or investment targets, details of which will be further discussed in the later part of this paragraph. Besides, all the investment products of 當天臻選 (Dangtian Zhenxuan) should comply with the stringent in-house mortgage policy of the OPCO to ensure the loans or investments are sufficiently secured. The required loan-to-value ratio ranges from 50% to 60%, depends on the location and values of the mortgaged properties. In addition, the legal representatives of the borrowers or investment targets are required to provide personal guarantee as additional security.

During the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014, the Target Group had only one product and all the revenue was contributed by 當天臻選 (Dangtian Zhenxuan). During the three months ended 31st March 2015, 當天安逸 (Dangtian Anyi), 當天典藏 (Dangtian Diancang) and 當天臻選 (Dangtian Zhenxuan) accounted for approximately 44.6%, 9.6% and 45.8% of the Target Group’s revenue, respectively.

The following diagram illustrates the relationship and business flow between the parties involved in 當天安逸 (Dangtian Anyi), 當天典藏 (Dangtian Diancang) and 當天臻選 (Dangtian Zhenxuan):



*Notes:*

“—————>” denotes agreement

“- - - - ->” denotes money transfer

“.....>” denotes business relationship

<sup>1</sup> applicable for 當天安逸 (Dangtian Anyi)

<sup>2</sup> applicable for 當天典藏 (Dangtian Diancang)

<sup>3</sup> applicable for 當天臻選 (Dangtian Zhenxuan)

According to the Target Company, for administration and management ease, the small-loan companies and the pawnshops prefer to first enter into creditor's rights transfer agreements with the third-party asset management companies so that they do not need to enter into separate borrowing agreements with each of the investment users. Therefore, the OPCO enters into consulting service agreements with the third-party asset management companies which have purchased the creditor's rights from the small-loan companies and pawnshops and arranged the investment users to enter into borrowing agreements with the asset management companies. Currently, the asset management company which has entered into the consulting service



agreements with the OPCO is 上海法米資產管理有限公司 (Shanghai Fami Asset Management Co., Ltd.). According to the Target Group, it will seek for other asset management companies for its business in the future.

The principal source of revenue of the OPCO is the transaction fee and servicing fee collected from the asset management companies or borrowers or investment targets (whenever appropriate depending on the product types). Transaction fee represents the fee paid for the work OPCO performs through its Internet finance platform for matching the investment products, which is calculated based on the principal amount of the investment products serviced and the fee rate agreed between the parties involved. Servicing fee represents the monthly fee paid (calculated based on the outstanding month-end principal balance of investment products serviced) to compensate the OPCO for the costs incurred in servicing the related investment products. The OPCO currently does not charge any fee or commission from platform users.

The OPCO implements stringent risk management and control measures. Investment products of 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang) offered by the platform are required to pass three levels of risk assessment: (i) the due diligence conducted by the relevant small-loan companies and the pawnshops, respectively, at the first granting of the loans; (ii) the due diligence conducted by the asset management companies when entering into creditor's rights transfer agreement; and (iii) the in-house due diligence conducted by the OPCO. For investment products of 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang), the OPCO has stringent selection criteria on the asset management companies as well as the relevant small-loan companies and the pawnshops for risk control purpose. The OPCO will collect and review the materials of the asset management companies, small-loan companies and pawnshops including their licenses, financial statements, bank accounts, due diligence reports prepared by them as well as credit background search and online news search. The OPCO will also conduct on-site due diligence, including site visit as well as interviews with management and key business operation personnel etc.. For investment products of 當天臻選 (Dangtian Zhenxuan), the OPCO conducts comprehensive due diligence and risk assessment on the borrowers and investment targets and strictly implements the in-house mortgage policy to ensure the loans or investments are sufficiently secured. The required loan-to-value ratio ranges from 50% to 60%, depends on the locations and values of the mortgaged properties. The OPCO will collect and review the materials of the borrowers and the investment targets including its licenses, financial statements, bank accounts and source of funds as well as its legal representative's resume, assets and credit background search. The OPCO will also conduct on-site due diligence. The OPCO will take into account factors including but not limited to the creditworthiness, operating status, profitability, development prospects of the borrowers and investment targets as well as the level of guarantee and mortgage provided by the borrowers and investment targets and assign risk assessment ranking for each of the borrowers and investment targets based on the internal guidelines. The OPCO will only accept borrowers and investment targets who pass the risk assessment and approval. The OPCO will also conduct post-investment management by means of interviews, regular inspection of financial statements, etc.

Proceeds of all product subscriptions and payments are conducted through a designated third-party payment service provider. The platform also releases the monies collected from investment users to the asset management companies or borrowers or investment targets (whenever appropriate) and collects the principal and agreed returns at maturity through the designated third-party payment service provider.

The OPCO is managed by a team of seasoned management with extensive knowledge and experience in the finance, Internet and information technology industries. By consolidating their industry knowledge, their unique industry insight, their network and channel resources as well as the favorable industry development trend, the platform has successfully achieved a rapid growth since its establishment.

The senior management team of the OPCO comprises six members under the leadership of Mr. Shao. The biography of each of the senior management is set out as follow:

Mr. Shao, the Chairman of the OPCO and is responsible for the overall strategic planning of the OPCO. Mr. Shao has over 10 years of experience in the management of high-tech companies. Prior to founding the OPCO in 2014, Mr. Shao worked as the general manager in a high-tech company specializing in the provision of professional network security storage system solutions and related management consulting services in 2000 to 2004. Since 2004, he has founded and acted as the Chairman of a high-tech company engaging in computer information products, electronic information products and precision manufacturing. Through his years of experience in Internet industry, successful track record in founding company in the PRC as well as extensive channel and personal networking resources accumulated over the years, Mr. Shao has gained his knowledge and experience in the PRC Internet finance industry since he decided to set up the OPCO in the beginning of 2014.

Mr. Zhang Qiang (張強), the President of the OPCO and is responsible for the overall corporate and business development of the OPCO. He has over 13 years of experience in financial services industry. He is familiar with the development trends and regulatory requirements of the PRC finance industry and has a deep understanding on the development and revolution of the PRC finance industry. Prior to joining the OPCO, Mr. Zhang worked as the management consulting director in a professional management consulting company.

Mr. Mao Weijie (毛瑋杰), the Chief Operating Officer of the OPCO and is responsible for the overall business operation management and product design of the OPCO. He has over 10 years of experience in financial services industry and Internet industry. He has a thorough understanding on the overall trends, business development and regulatory policies of the PRC finance industry. Prior to joining the OPCO, Mr. Mao worked as the management consulting associate director in a professional management consulting company.

Mr. Wu Yingtao (吳穎韜), the Chief Marketing Officer of the OPCO and is responsible for the overall marketing function of the OPCO. He has over 14 years of experience in marketing. He possesses extensive knowledge on online and offline marketing, brand promotion and market management.

Mr. Shen Wenjun (申文俊), the Chief Technology Officer of the OPCO and is responsible for the overall information technology function of the OPCO. He has over 20 years of experience in software development and Internet industry. He possesses expertise in analyzing, structuring and designing software system and is experienced in designing and developing open service platform.

Mr. He Taiyan (何台燕), the assistant to President of the OPCO and is responsible for the finance, risk management and internal control functions of the OPCO. He has around 10 years of experience in auditing, risk management and strategic consulting for financial institutions and Internet companies. Prior to joining the OPCO, Mr. He worked for the People's Bank of China, an international accounting firm and a professional management consulting company.

Besides the senior management team which is responsible for day-to-day operation, the OPCO also has a team of professional advisors which consists of three members. The responsibilities and biography of each of the professional advisors is set out as follow:

Mr. Lang Xianping (郎咸平), the strategy consultant of the OPCO and is responsible for providing guidance in relation to corporate strategies, business strategies and functional strategies to the OPCO. He is a renowned economist and a university professor. He has contributed comprehensive and profound suggestions for a number of social issues.

Mr. Gao Fuping (高富平), the senior legal consultant of the OPCO and is responsible for providing legal advice in respect of intellectual property, Internet finance and P2P business to the OPCO. Currently Mr. Gao is the principal of 華東政法大學知識產權學院 (Intelligence Properties School, East China University of Political Science and Law). He holds a doctor's degree and is mainly engaged in teaching and research of civil and commercial law.

Mr. Li Jianjun (李建軍), the culture and art consultant of the OPCO and is responsible for providing consultancy services in relation to culture and art to the OPCO. He is a famous socialist and the founder of ergonomic human engineering.

As advised by the Company's PRC legal adviser, except the Catalogue of Industries for Guiding Foreign Investment, there are currently no other directly applicable laws and regulations in the PRC governing Internet finance platforms providing financial information services through Internet.

### Financial information of the Target Group

The following table sets out the unaudited combined financial information of the Target Company during the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014 and the three months ended 31st March 2015:

	<b>For the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014</b>	<b>For the three months ended 31st March 2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	257	617
Loss before taxation	(7,356)	(4,994)
Loss and total comprehensive income for the period	(5,538)	(3,773)
	<b>As at 31st December 2014</b>	<b>As at 31st March 2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	95,196	115,356
Net assets	74,463	101,383

As at 31st March 2015, the unaudited combined net asset value of the Target Company was approximately RMB101.4 million.

Pursuant to the VIE Contracts, the WFOE is able to control the finance and operation of the OPCO so as to obtain the economic interest and benefits from their business activities despite the lack of registered equity ownership. Therefore, the Directors have discussed with the auditors of the Target Company and are of the view that the financial results and conditions of the OPCO are capable of being consolidated into the financial statements of the Target Company.

Upon Completion, the Target Company will become an associated company of the Company. Accordingly, the financial results of the Target Group will not be consolidated into the financial statements of the Company but will be accounted for using equity method.

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

The Group is principally engaged in (i) investment holding; (ii) industrial property development; and (iii) general trading including trading of metal materials. The Group has been loss making since 2012 mainly due to a depressed trading environment as a result of the continued decrease in demand for raw materials such as electronic parts, metal materials, etc.

As stated in the Group's annual report for the year ended 31st December 2014, the Group will continue to optimize its business structure, strengthen the management and control system, proactively explore innovation in the business models of quasi-financial sector to enhance the competitiveness of the Group and developmental strength and achieve long term sustainable growth. On 20th November 2014, the Group entered into a sale and purchase agreement to acquire pawn shop business in Shanghai, the PRC. On 3rd March 2015, the Group further acquired a 25% equity interest in a joint venture engaged in financial leasing service in Shanghai, the PRC.

Since the completion of the acquisition of the pawn shop business and financial leasing service business in Shanghai in early 2015, the Group has gradually diversified its business to the PRC financial industry, particularly in Shanghai. The Acquisition provides a valuable opportunity for the Group to further broaden its exposure in the PRC financial industry by entering into the rapidly growing Internet finance industry, of which P2P lending has accounted for a very substantial segment. According to the 2014 Annual Report for Internet P2P Lending Industry in the PRC (《2014年中國網路借貸行業年報》), the transaction volume of Internet P2P lending industry in the PRC reached RMB252.8 billion in 2014, representing 2.39 times of the transaction volume in 2013, and realized a compound monthly growth rate of 10.99% during 2014. The Internet P2P loan balance in the PRC reached RMB103.6 billion at the end of 2014, representing 3.87 times of the loan balance at the end of 2013, and realized a compound monthly growth rate of 11.64% during 2014. Shanghai is the key economic and financial center of China. According to National Bureau of Statistics of China, Shanghai had a gross domestic product of RMB2.36 trillion in 2014, which is the highest among the provinces in the PRC. According to Wangdaizhijia (網貸之家), a leading Internet P2P lending portal in the PRC, the transaction volume of Internet P2P lending industry in Shanghai reached RMB30.02 billion in 2014, representing 11.88% of the total transaction volume in the PRC, and realized a compound monthly growth rate of 11.85% during 2014. This provides a favorable business environment for the Target Group.

The Acquisition also allows the Group to enjoy the development and benefits from inclusive financial system (普惠金融) in the PRC, as strongly supported by the PRC government. In November 2013, the Decision on Major Issues Concerning Comprehensively Deepening Reforms (《中共中央關於全面深化改革若干重大問題的決定》) issued on the Third Plenary Session of 18th Central Committee of the Chinese Communist Party (中國共產黨十八屆三中全會) formally announced that the PRC shall develop inclusive financial system, encourage financial innovation and enrich the financial market and products. On the 12th National People's Congress (第十二屆全國人民代表大會) held in March 2015, the Premier of State Council of the PRC, Mr. Li Keqiang, emphasized that the PRC will strive to develop inclusive financial system to allow all the market players to enjoy the benefits of financial services. As a major component of the inclusive financial system, it is expected that the Internet finance industry in the PRC will continue to grow with the support of favorable government policy environment.

Having considered, among other things:

- the expected market potential of Internet finance, in particular the P2P lending business in the PRC and the geographical location of the Target Group's business which is one of the economically developed major cities in the PRC;
- the market potential and government support of inclusive financial system in the PRC;
- the recent diversification of business of the Group to PRC financial industry and the Acquisition is in line with the business development strategy of the Group;
- the Target Group is still at its initial growth stage with a business and asset size relatively suitable as the Company's first business venture into the Internet finance business in the PRC;
- the Second Supplemental Agreement has in place the Performance Targets covering the period from 1st July 2015 to 31st December 2016 and a corresponding Performance Target Compensation and the Put Option to safeguard the interests of the Company;
- the Consideration is to be settled by way of Consideration Shares, which will enlarge the equity base of the Company while preserving the Company's liquidity;
- all the Consideration Shares will be subject to a 18-month lock up after issue and allotment and therefore will not have immediate sell-side pressure on the share price of the Company; and
- the Issue Price of the Consideration Shares represents a substantial premium over the latest audited net assets value per Share.

the Directors (save as Mr. Chen Ningdi who is required to abstain from voting on the Board resolutions considering and approving the Agreements and the transactions contemplated thereunder) consider that the terms of the Agreements are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

As Mr. Chen Ningdi, a non-executive Director, and his associates own over 30% of the issued share capital of Asiabiz, he is considered to have material interest in the Agreements and the transactions contemplated thereunder and accordingly is required to abstain from voting on the Board resolutions considering the approving the Agreements and the transactions contemplated thereunder.

## RISK FACTORS IN RELATION TO THE VIE CONTRACTS

**There is no assurance that the VIE Contracts could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Contracts do not comply with applicable regulations**

Pursuant to Regulation on Telecommunications of the PRC (《中華人民共和國電信條例》), Internet information service is categorized as value-added telecommunications business. Foreign investment in value-added telecommunications business is restricted under the Catalogue of Industries for Guiding Foreign Investment, and foreign ownership in such business cannot exceed 50%. According to the telephone consultation with relevant officials of Shanghai Communications Administration (上海市通信管理局) conducted by the Company's PRC legal adviser on 14th April 2015, providing financial information services through Internet is categorized as Internet information services. Therefore, the operation of the Internet finance platform by the OPCO is categorized as value-added telecommunications business and foreign ownership in the OPCO should not exceed 50%. In light of the above, the Company's PRC legal adviser is of the view that the WFOE, as a foreign-owned company, is not allowed to acquire the entire equity interests of the OPCO under the PRC laws.

As such, the WFOE, the OPCO and the registered shareholders of the OPCO entered into the VIE Contracts to enable the financial results, the entire economic benefits and risks of the businesses of the OPCO to flow onto the WFOE and to enable the WFOE to gain control over the OPCO.

Despite there is currently no indication that the VIE Contracts will be interfered or objected by any PRC regulatory authorities, the Company's PRC legal adviser has advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the VIE Contracts comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the VIE Contracts.

On 19th January 2015, the Ministry of Commerce of the PRC published the Draft Law pursuant to which foreign companies gaining control over domestic companies via VIE arrangement will be regarded as foreign investments and will be governed by the Draft Law when it is adopted and becomes law. According to the Company's PRC legal adviser, the Draft Law is currently in consultation stage and has not yet been effective or legally binding. As there are uncertainties on the final content and interpretations of the Draft Law if and when it is adopted and becomes law, there is no assurance that the VIE Contracts will comply with the Draft Law when it is adopted and becomes law.

If the authorities deny the validity, effectiveness and enforceability of the VIE Contracts, the Group would lose control of the OPCO, be unable to consolidate the financial results of the OPCO, or properly safeguard, awarded or control the assets of the OPCO, which would result in a material adverse effect on the Group's business, financial condition and results of operations.

## **The VIE Contracts may not be as effective in providing control over and entitlement to the economic interests in the OPCO as direct ownership**

The VIE Contracts may not be as effective in providing the WFOE with control over and entitlement to the economic interests in the OPCO as direct ownership. If the WFOE had direct ownership of the OPCO, the WFOE would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of the OPCO. However, under the VIE Contracts, the WFOE can only rely on the OPCO and its shareholders' performance of their contractual obligations to exercise effective control. The VIE Contracts generally have a term from the execution of the VIE Contracts until the OPCO's equity interests is transferred to the WFOE. In general, neither the OPCO nor its shareholders may terminate the contracts within the terms of the VIE Contracts. However, the shareholders of the OPCO may not act in the best interests of the WFOE or may not perform their obligations under the VIE Contracts. Such risks exist and the Target Group expects them to continue to exist throughout the period in which the Target Group intends to operate its business through the VIE Contracts with the OPCO. In addition, notwithstanding the VIE Contracts have provided for the purchase of insurance against the properties and assets of the OPCO, the Target Group has not purchased any insurance to cover risks relating to the enforcement of the VIE Contracts due to unavailability of such insurance product in the market at the moment based on the best knowledge of the Target Group. Therefore, the VIE Contracts may not be as effective as direct ownership in providing the Target Group with control over the OPCO.

Pursuant to the Exclusive Call Option Agreement, Mr. Shao and Mr. Zhu agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in the OPCO to the WFOE with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under PRC laws and regulations, the full amount of consideration shall be returned to the WFOE. However, if the shareholders of the OPCO were to refuse to transfer their equity interest in the OPCO to the WFOE when the WFOE exercises the call option pursuant to these VIE Contracts, or if they were otherwise to act in bad faith toward the WFOE, then the WFOE may have to take legal action to compel them to fulfill their obligations under the Exclusive Call Option Agreement.

Besides, if the consideration for the transfer of equity interest in the OPCO to the WFOE required by the PRC laws and regulations is substantially high and Mr. Shao and Mr. Zhu fail to return the consideration to the WFOE or the competent tax authority may require the WFOE to pay enterprise income tax for such returned ownership transfer income with reference to the market value instead of the consideration as stipulated under the VIE Contracts, in which case the WFOE may be subject to a substantial amount of tax, the financial conditions of the WFOE may be materially and adversely affected. As a result, the Group's investment in the Target Group could also be materially and adversely affected.

## **Potential conflicts of interest among the WFOE, the OPCO and the registered shareholders of the OPCO may exist**

The OPCO and its shareholders may fail to take certain actions required for the Target Group's business or to follow its instructions despite their contractual obligations to do so. If they fail to perform their obligations under their respective VIE Contracts with the Target Group, the Target Group may have to rely on legal remedies under the PRC law, including seeking specific performance or injunctive relief, which may not be effective.

The VIE Contracts contain dispute resolution clauses that: (i) provide for arbitration and that arbitrators may award remedies over the shares or assets of the OPCO, injunctive relief or order the winding up of OPCO; and (ii) provide the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the British Virgin Islands (the place of incorporation of the Target Company), Bermuda (the place of incorporation of the Company), the place of incorporation of the OPCO and the place where the OPCO's principal assets are located have been specified as competent jurisdictions for this purpose.

According to the VIE Contracts, the signing parties agreed that the VIE Contracts shall be governed by and construed in accordance with the PRC laws. However, the VIE Contracts also specified the courts of Hong Kong, the British Virgins Islands and Bermuda as competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. As those jurisdictions are not governed by the PRC laws, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to whether the relevant PRC court would recognize and enforce rulings in accordance with those specified in the arbitration provisions, and/or recognize the courts of Hong Kong, the British Virgin Islands (the place of incorporation of the Target Company) and Bermuda (the place of incorporation of the Company) as competent jurisdictions for the purpose of the arbitration provisions.

On the other hand, although the courts of Hong Kong, the British Virgin Islands and Bermuda are regarded as competent jurisdictions for the purpose of the arbitration provisions, the parties to the VIE Contracts are PRC entities and the subject matter contained therein are related to the PRC, the courts of Hong Kong, the British Virgin Islands and Bermuda may not accept that they are the proper forum for legal proceedings arose under the VIE Contracts.

As a result, the Target Group's ability to enforce these VIE Contracts may be limited, which may make it difficult to exert effective control over the OPCO, and the Target Group's ability to conduct its business may be adversely affected.

### **The VIE Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed**

The VIE Contracts may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on the WFOE. The WFOE may face adverse tax consequences if the PRC tax authorities determine that the VIE Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the VIE Contracts were not entered into on an arm's length basis, they may adjust the income and expenses of the WFOE for the PRC tax purposes, which could result in higher tax liabilities on the WFOE.

The operating and financial results of the WFOE may be materially and adversely affected if the tax liabilities of the OPCO or those of the WFOE increase significantly or if they are required to pay interest on late payments.



## RISK FACTOR IN RELATION TO THE BUSINESS OF THE TARGET GROUP

The Target Group currently only has one customer for 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang) and any decrease in commission income from it could affect the operations and financial results of the Target Group

The OPCO enters into consulting service agreements with third-party asset management companies to receive commission income for 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang). 上海法米資產管理有限公司 (Shanghai Fami Asset Management Co., Ltd.) is currently the only customer for the OPCO for 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang). Revenue from 當天安逸 (Dangtian Anyi) and 當天典藏 (Dangtian Diancang) accounted for approximately 0% and 54.2% of the total revenue of the Target Group for the period from 7th May 2014 to 31st December 2014 and the three months ended 31st March 2015, respectively. There is no assurance that 上海法米資產管理有限公司 (Shanghai Fami Asset Management Co., Ltd.) will continue or maintain the current level of business relationship with the OPCO in the future. In the event that the OPCO is unable to maintain the current business relationship or even terminate the business relationship with 上海法米資產管理有限公司 (Shanghai Fami Asset Management Co., Ltd.) and fail to identify comparable replacement in time, the business, the results of operations and profitability of the Target Group may be adversely affected.

## EFFECTS OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion:

	As at the date of this announcement		Immediately upon Completion (Note 2)	
	Number of shares	%	Number of shares	%
Keenlead Holdings Limited (Note 1)	120,212,256	33.44	120,212,256	27.88
The Vendor	–	–	71,800,000	16.65
Public Shareholders	239,234,858	66.56	239,234,858	55.47
	<u>359,447,114</u>	<u>100.00</u>	<u>431,247,114</u>	<u>100.00</u>

### Notes:

1. The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling, the Chairperson and executive Director.
2. Assuming that the shareholding structure of the Company has not changed after the date of this announcement and immediately upon Completion.

3. As at the date of this announcement, Mr. Joseph Shie Jay Lang (“**Mr. Lang**”), a non-executive Director, is the beneficial owner of the entire issued share capital of Rosy Start Investments Limited (“**Rosy Start**”), Equity Partner Holdings Limited (“**Equity Partner**”) and Century Best Holdings Limited (“**Century Best**”). Rosy Start, Equity Partner and Century Best are taken to be interested in 40%, 15% and 39% of the convertible notes (“**Oriental Credit Convertible Notes**”) to be issued by the Company which may be adjusted to a maximum principal amount of HK\$180,000,000 (HK\$85,401,768.19 of which has been issued as at the date of this announcement) and which may be converted into 60,000,000 Shares, 22,500,000 Shares and 58,500,000 Shares, respectively according to the sale and purchase agreement dated 20th November 2014 between Rosy Start, Equity Partner, Century Best and Asiabiz as vendors, Mr. Lang as vendors’ guarantor and the Company as purchaser in respect of the acquisition of the entire issued share capital of Oriental Credit Holdings Limited. Mr. Lang is therefore taken to be interested in an aggregate of 141,000,000 Shares through Rosy Start, Equity Partner and Century Best.
4. As the Oriental Credit Convertible Notes are subject to the put option, Rosy Start, Equity Partner and Century Best are taken to have a short position of 60,000,000 Shares, 22,500,000 Shares and 58,500,000 Shares respectively in the Company. Mr. Lang is therefore taken to have a short position of 141,000,000 Shares in the Company through Rosy Start, Equity Partner and Century Best.
5. As at the date of this announcement, Asiabiz is taken to be interested in 6% of the Oriental Credit Convertible Notes. Upon full conversion of 6% of the Oriental Credit Convertible Notes with maximum principal amount of HK\$180,000,000, Asiabiz will be interested in 9,000,000 Shares. As the Oriental Credit Convertible Notes are subject to a put option, Asiabiz is also taken to have a short position of 9,000,000 Shares in the Company.
6. As illustrated above, the Acquisition will not result in a change of control of the Company.

## LISTING RULES IMPLICATIONS

Pursuant to the Second Supplemental Agreement, one or more of the revised applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 5% but less than 25%. Therefore the Acquisition no longer constitutes a major transaction but a discloseable transaction for the Company under the Listing Rules. In addition, with the reduced number of Consideration Shares and the revised Issue Price, the Consideration Shares will be issued under the General Mandate. Accordingly, Shareholders’ approval is no longer required for the Acquisition.

## DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Agreements”	the Sale and Purchase Agreement, the First Supplemental Agreement and the Second Supplemental Agreement
“Announcements”	the announcements of the Company dated 15th April 2015, 29th May 2015 and 12th June 2015 in relation to the Acquisition
“Draft Law”	draft PRC Foreign Investment Law (《中華人民共和國外國投資法 (草案徵求意見稿) 》) and its explanation published by the Ministry of Commerce of the PRC on 19th January 2015

“First Supplemental Agreement”	the first supplemental agreement to the Sale and Purchase Agreement dated 10th June 2015 entered into between the Company, the Vendor and the Vendor Guarantor in respect of the Acquisition
“General Mandate”	the general and unconditional mandate to allot, issue and deal with 71,889,423 Shares (representing up to 20% of the issued share capital of the Company as at the date of passing of the resolution granting such mandate (i.e. 30 April 2015))
“Second Supplemental Agreement”	the second supplemental agreement to the Sale and Purchase Agreement dated 25th June 2015 entered into between the Company, the Vendor and the Vendor Guarantor in respect of the Acquisition
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.2645 and amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1 to HK\$7.8. Such exchange rates have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

\* *The English names of the PRC entities referred to in this announcement are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*

By Order of the Board  
**Greater China Holdings Limited**  
**Ma Xiaoling**  
*Chairperson*

Hong Kong, 25th June 2015

*As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive Directors, Mr. Joseph Shie Jay Lang and Mr. Chen Ningdi as non-executive Directors; and Mr. Jin Bingrong, Mr. Kwan Kei Chor and Mr. Lin Ruei-min as independent non-executive Directors.*