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(Stock Code: 431)

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

## INSIDE INFORMATION PROFIT WARNING

This announcement is made by Greater China Financial Holdings Limited (“**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (“**Directors**”) would like to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on the management’s preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (“**Group**”), the Group expects to record a significant loss in the unaudited consolidated management accounts of the Group for the six months ended 30 June 2016 as compared with the profits in the corresponding financial period in 2015 mainly due to the following reasons:–

### (1) DE-CONSOLIDATION

Reference is made to the announcement of the Company dated 22 July 2016 (“**Announcement**”) in relation to the legal actions to be taken by the Company against 上海快鹿投資(集團)有限公司(Shanghai Kuailu Investment Group Company Limited\*) (“**Shanghai Kuailu**”) to enforce its rights under the variable interest entity contracts (“**VIE Contracts**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated. The Company has not received any feedback and responses from Shanghai Kuailu up to the date of this announcement.

Due to (i) the management appointed by the Group to 上海新盛典當有限公司(Shanghai Xinsheng Pawnshop Company Limited\*) (“**Xinsheng**”) and 上海中源典當有限公司(Shanghai Zhongyuan Pawnshop Company Limited\*) (“**Zhongyuan**”) is not able to exercise the rights to manage the business of pawn broking and money lending in the PRC of Xinsheng and Zhongyuan under the respective exclusive consulting service agreement of the VIE Contracts; and (ii) the Company had been unable to (a) access the complete sets of books and records together with the supporting documents of Xinsheng and Zhongyuan and (b) maintain and operate the business of Xinsheng and Zhongyuan. As such, the Directors are of the view that the Company has lost its control over Xinsheng and Zhongyuan. As a result, the accounts of Xinsheng and Zhongyuan would be de-consolidated from the Group’s consolidated financial statements for the six months ended 30 June 2016.

\* For identification purpose only

The de-consolidation of the accounts of Xinsheng and Zhongyuan would have a significant financial impact on the Group due to a material net loss of the Group on de-consolidation of the accounts of Xinsheng and Zhongyuan and impairment loss on amounts due from de-consolidated subsidiaries of approximately HK\$453 million.

**(2) IMPAIRMENT LOSS ON INTERESTS IN THE ASSOCIATES OF THE COMPANY**

A significant impairment loss on goodwill of 45% equity interest in Intraday Financial Information Service Limited and its subsidiaries (collectively, “**Intraday Financial Group**”) of approximately HK\$267 million and a significant share of loss of associates are recorded during the period under review. The impairment loss is based on the preliminary valuation results which reflect the latest development of the internet finance platform operation of Intraday Financial Group. Recently the third party asset management company which provides consulting services to Intraday Financial Group does not have sufficient cash to repay the investment principal of certain products to the investors when the products reach their maturity dates, and the Intraday Financial Group has paid certain sums of the investment principal to the investors utilizing their internal resources which negatively affected the operations and results of the Intraday Financial Group.

Other than the de-consolidation of Xinsheng and Zhongyuan, the other business operation of the Group remains unaffected.

As the Company is still in the process of finalizing its interim results for the six months ended 30 June 2016, the information contained in this announcement is a preliminary assessment by the management of the Company based on the unaudited management accounts of the Group and the information currently available. This preliminary assessment is not based on any financial figures and/or information which have been audited, verified or reviewed by the Company’s auditors or audit committee. It is anticipated that the interim results announcement of the Company for the six months ended 30 June 2016 will be published by the Company in late August 2016.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By order of the Board of  
**Greater China Financial Holdings Limited**  
**Liu Kequan**  
*Chairman*

Hong Kong, 12 August 2016

*As at the date of this announcement, the Board comprises Mr. Liu Kequan and Mr. Zhang Peidong as executive Directors; Mr. Yin Xiaoguang as non-executive Director; and Mr. Jin Bingrong, Mr. Kwan Kei Chor, Dr. Rui Mingjie, Mr. Zhou Liangyu and Dr. Lu Ziang as independent non-executive Directors.*