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**大中華金融控股有限公司**  
**GREATER CHINA FINANCIAL HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

(Stock Code: 431)

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

**MAJOR TRANSACTION**  
**PROPOSED ACQUISITION OF**  
**SINO WEALTH INVESTMENT CO., LIMITED**

**PROPOSED ACQUISITION**

The Board is pleased to announce that on 28 July 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Vendor Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and accept the assignment of, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Sale Loan for the Consideration of HK\$300 million in cash.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated exceed 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the transactions contemplated thereunder by the Independent Shareholders. The Vendor Guarantor and his associates, who are interested in 612,810,000 Shares, representing approximately 8.93% of the total issued share capital of the Company as at the date of this announcement, are required to abstain from voting on the relevant resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. Any vote to be exercised by the Independent Shareholders at the SGM shall be taken by way of poll. A circular containing, amongst other things, (i) further details of the Acquisition; and (ii) a notice of the SGM is expected to be despatched to the Shareholders on or before 18 August 2017.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement. The Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 28 July 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Vendor Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and accept the assignment of, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Sale Loan.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms and conditions of the Sale and Purchase Agreement are as follows:

Date: 28 July 2017

Parties: (i) The Purchaser (a direct wholly-owned subsidiary of the Company);  
(ii) The Vendor; and  
(iii) The Vendor Guarantor.

The Vendor is beneficially and wholly owned by the Vendor Guarantor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the interest of the Vendor Guarantor in 612,810,000 Shares, representing approximately 8.93% of the issued share capital of the Company as at the date of this announcement, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the assets to be acquired by the Company are the Sale Shares and the Sale Loan. The Purchaser has conditionally agreed to acquire and accept the assignment of, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Sale Loan.

The Sale Shares represent the entire issued share capital of the Target Company, which are beneficially owned as to 100% by the Vendor. The Sale Loan represents the shareholder's loan owing by the Target Group to the Vendor at Completion. As at the date of the Sale and Purchase Agreement, the Sale Loan amounted to approximately RMB203,000,000.

### **Consideration**

The consideration for the Sale Loan will be the amount of the shareholder's loan owing by the Target Group to the Vendor as at Completion and the consideration for the Sale Shares will be the remaining balance of the Consideration after deducting the consideration for the Sale Loan.

The aggregate consideration for the Sale Shares and the Sale Loan is HK\$300 million (subject to adjustments), which shall be satisfied by the Purchaser in cash in the following manner:

- (a) HK\$40 million shall be paid by the Purchaser to the Vendor or its nominee within five Business Days from the date of the Sale and Purchase Agreement (the “**Initial Payment**”);
- (b) HK\$180 million shall be paid by the Purchaser to the Vendor or its nominee upon Completion;
- (c) HK\$33 million shall be paid by the Purchaser to the Vendor or its nominee on 31 December 2017 (or such later date as the Purchaser and Vendor may agree in writing);
- (d) HK\$30 million shall be paid by the Purchaser to the Vendor or its nominee within five Business Days after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2017 subject to the adjustment mentioned in the section headed “Profit Guarantee” (the “**First Instalment**”);
- (e) HK\$11 million shall be paid by the Purchaser to the Vendor or its nominee within five Business Days after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2018 subject to the adjustment mentioned in the section headed “Profit Guarantee” (the “**Second Instalment**”); and
- (f) HK\$6 million shall be paid by the Purchaser to the Vendor or its nominee within five Business Days after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2019 subject to the adjustment mentioned in the section headed “Profit Guarantee” (the “**Third Instalment**”).

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the preliminary valuation of AJSH of RMB260,000,000 (approximately HK\$301,135,000) as at 30 June 2017 according to a draft valuation report, using the market approach, issued by an independent valuer; (ii) the profit guarantee to be provided by the Vendor as set out in the section headed “Profit Guarantee” below; and (iii) the opportunity for the Group to broaden its coverage in the financial market as a result of the Acquisition.

It is expected that HK\$150 million of the Consideration will be financed by the net proceeds from the open offer of the Company which had completed in June 2017 (the “**Open Offer**”) and the balance will be financed by the Group’s internal resources.

### **Conditions precedent**

Completion is conditional upon the fulfillment of, inter alia, the following conditions:

- (i) the Target Group having collected its entrusted loan of RMB130 million shown in the management account at the end of the first calendar month before the date of Completion and all interest arising therefrom on or before five Business Days prior to the date of Completion. If the entrusted loan has been partially repaid five Business Days prior to the date of Completion, the Target Group is required to collect the remaining entrusted loan with all interest arising therefrom until the five Business Days prior to the date of Completion. If the entrusted loan and all interest arising therefrom have been fully repaid five Business Days prior to the date of Completion, the Target Group shall notify the Purchaser and, upon receipt of the written confirmation by the Purchaser, this condition precedent will be deemed to have been satisfied;

- (ii) the Vendor and the Vendor Guarantor having signed the guarantee letter to guarantee the account receivables (together with any bad debt arising from such account receivables) as stated on the management accounts of all companies in the Target Group as at the date of Completion;
- (iii) the Vendor Guarantor having signed an unconditional and irrevocable undertaking to guarantee the Vendor's obligations under the Sale and Purchase Agreement and to pledge his (and his associates) interests in the 612,810,000 Shares as security;
- (iv) the Target Group having held not less than RMB150 million in its bank account as at the date of Completion;
- (v) the Purchaser having received a signed PRC legal opinion from the PRC lawyer jointly appointed by the Purchaser and the Vendor, in which the Purchaser having notified the Vendor in writing that it is reasonably satisfied with the PRC legal opinion;
- (vi) the Independent Shareholders having passed the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules;
- (vii) the Purchaser having notified the Vendor that it is reasonably satisfied with the result of its due diligence review; and
- (viii) the Vendor giving an undertaking that the statements in the Sale and Purchase Agreement are true, accurate, not misleading and there have been no material adverse effect in all aspects.

The Purchaser may at any time waive in writing any conditions precedent above (other than conditions (vi)). If any of the above conditions precedent have not been fulfilled or waived by the Purchaser by the Long Stop Date, any party to the Sale and Purchase Agreement shall have the right to inform the other parties to terminate the Sale and Purchase Agreement in writing within seven Business Days from the Long Stop Date. Upon termination of the Sale and Purchase Agreement, all rights and obligations of the parties to the Sale and Purchase Agreement shall cease to have effect except in respect of any accrued rights and obligations of such parties. In addition, the Initial Payment shall be returned to the Purchaser within five Business Days upon the termination of the Sale and Purchase Agreement without interest.

## **Completion**

Completion shall take place on the fifth Business Day following the date on which the above conditions precedent have been fulfilled or waived (or such later date as the parties to the Sale and Purchase Agreement may mutually agree in writing).

## PROFIT GUARANTEE

Pursuant to the Sale and Purchase Agreements, the Vendor irrevocably warrants and guarantees that:

- (a) the audited net profit after tax of AJSH for the year ending 31 December 2017 (the “**2017 Actual Profit**”) shall be not less than RMB10,000,000 (the “**2017 Target Profit**”);
- (b) the audited net profit after tax of AJSH for the year ending 31 December 2018 (the “**2018 Actual Profit**”) shall be not less than RMB20,000,000 (the “**2018 Target Profit**”); and
- (c) the audited net profit after tax of AJSH for the year ending 31 December 2019 (the “**2019 Actual Profit**”) shall be not less than RMB30,000,000 (the “**2019 Target Profit**”).

If the 2017 Target Profit is not met, the Vendor shall indemnify the Purchaser the 2017 Shortfall (as defined below) by way of deducting the shortfall from the payment amount of the First Instalment on the fifth Business Day after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2017:

$$\text{2017 Shortfall} = (\text{2017 Target Profit} - \text{2017 Actual Profit}) \times 1.2$$

If the 2018 Target Profit is not met, the Vendor shall indemnify the Purchaser the 2018 Shortfall (as defined below) by way of deducting the shortfall from the payment amount of the Second Instalment on the fifth Business Day after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2018:

$$\text{2018 Shortfall} = (\text{2018 Target Profit} - \text{2018 Actual Profit}) \times 1.2$$

If the 2019 Target Profit is not met, the Vendor shall indemnify the Purchaser the 2019 Shortfall (as defined below) by way of deducting the shortfall from the payment amount of the Third Instalment on the fifth Business Day after the issue of the audited consolidated financial statements of the Target Group for the year ending 31 December 2019:

$$\text{2019 Shortfall} = (\text{2019 Target Profit} - \text{2019 Actual Profit}) \times 1.2$$

If the Second Instalment and the Third Instalment are not sufficient to offset the 2018 Shortfall and the 2019 Shortfall respectively, the Vendor shall compensate the amount of difference in cash, in HK\$ equivalent to the amount of RMB calculated by reference to the middle exchange rate of RMB announced by the People’s Bank of China one day prior to the date of payment, on or before the fifth Business Day after the issue of the relevant audited consolidated financial statements of the Target Group or the Purchaser has the right to deduct the amount of difference from the assets pledged to the Purchaser under the guarantee letter signed by the Vendor Guarantor.

The Purchaser and the Vendor shall procure the Target Group to issue the audited consolidated financial statements to be audited by the auditors appointed by the Purchaser in accordance with the Hong Kong reporting standards, within 60 days from the relevant financial year end.

## **INFORMATION OF THE VENDOR**

The Vendor is an investment holding company incorporated in BVI with limited liability and is beneficially and wholly owned by the Vendor Guarantor. The Vendor owns the ultimate beneficial interests of each of the Target Company, SMIL, SFH, CSN and AJSH respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the interest of the Vendor Guarantor in 612,810,000 Shares, representing approximately 8.93% of the issued share capital of the Company as at the date of this announcement, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

## **INFORMATION OF THE TARGET GROUP**

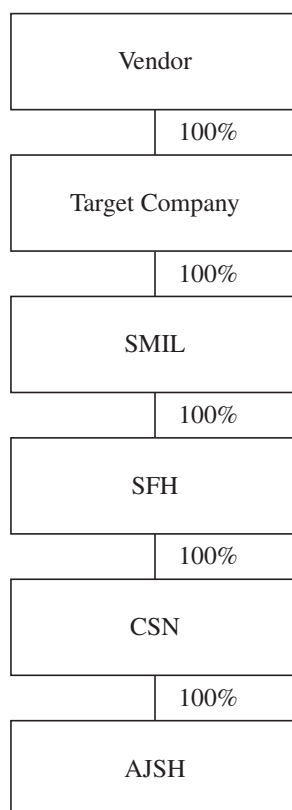
The Target Company is an investment holding company incorporated in BVI with limited liability. The entire issued share capital of the Target Company is owned by the Vendor. The Target Company currently has four wholly-owned subsidiaries, namely SMIL, SFH and CSN, which are also investment holdings companies, and AJSH which is the operating company of the Target Group.

AJSH is a limited liability company incorporated in the PRC with a paid up registered capital of RMB200,000,000. AJSH is principally engaged in:

- (i) Credit-based financing guarantee services: The Target Group provides guarantees on behalf of its customers including small and medium enterprises and individual business proprietors to guarantee the repayment of their loans or performance of their certain contractual obligations.
- (ii) Financial consultancy services: The Target Group provides consultancy services by introducing methods of financing based on customers' need and circumstance and assist them to apply for financing.

AJSH has obtained the license issued from Beijing Municipal Bureau of Financial Work which authorises AJSH to carry out the abovementioned credit-based financing guarantee services and financial consultancy services in the PRC.

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



### Financial information of the Target Group

Given the Target Company, SMIL and SFH have no business activities since their respective incorporation, they have not recorded any profit/loss from their respective dates of incorporation to the date of this announcement. Set out below are certain financial information of CSN based on the audited financial statements of CSN for the two years ended 31 December 2016 prepared under the PRC Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	Audited	Audited
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Profit/(loss) before taxation	(1)	8
Profit/(loss) after taxation	(1)	8
Net assets/(liabilities)	(18)	(10)

Set out below are certain financial information of AJSH based on the audited financial statements of AJSH for the two years ended 31 December 2016 and the unaudited management accounts of AJSH for the six months ended 30 June 2017 prepared under the PRC Financial Reporting Standards:

	For the year ended		For the six
	31 December		months ended
	2015	2016	30 June
	Audited	Audited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	25,639	24,959	12,701
Profit/(loss) before taxation	9,535	7,977	10,574
Profit/(loss) after taxation	4,317	2,606	7,870
Net assets/(liabilities)	186,196	188,802	196,672

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in investment holding, industrial property development, general trading of consumable goods, securities brokerage, insurance brokerage, asset management and loan financing operation includes loan financing, loan referral and consultancy services.

As disclosed in the annual report of the Company for the year ended 31 December 2016, the Directors will continue to (i) identify opportunities to add value to the existing operations and explore new ways to expand the business to another level and (ii) explore new investment opportunities including but not limited to financial service related business with the aim to enhance the returns to the Shareholders. As mentioned in the prospectus of the Company dated 26 May 2017 regarding the Open Offer with net proceeds of approximately HK\$221.5 million, the Company has commenced the negotiation with the Target Company and planned to allocate the proceeds from the Open Offer to acquire the Target Group.

Having considered, among other things:

- (i) the Acquisition provides the Group to tap into financial guarantee business in the PRC;
- (ii) the Acquisition has no dilution impact as the Consideration will be fully settled in cash;
- (iii) the expected market potential of financing guarantee business in the PRC;
- (iv) the Sale and Purchase Agreement has in place the profit targets covering the period up to 31 December 2019 and a corresponding adjustment mechanism on the Consideration to safeguard the interests of the Company; and
- (v) under the Target Group's existing credit evaluation mechanism, the credit worthiness of relevant customers has been assessed by a systematic process, including comprehensive customer due diligence prior to the provision of the credit-guarantee service by the Target Group and the ongoing monitoring of financial position of customers, it is expected that the Group's risk assessment process will be enhanced after leveraging the mechanism and the expertise of the Target Group;



the Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreement and the transactions contemplated thereunder were entered into on normal commercial terms after arm's length negotiation and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated exceed 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the transactions contemplated thereunder by the Independent Shareholders. The Vendor Guarantor and his associates, who are interested in 612,810,000 Shares, representing approximately 8.93% of the total issued share capital of the Company as at the date of this announcement, are required to abstain from voting on the relevant resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. Any vote to be exercised by the Independent Shareholders at the SGM shall be taken by way of poll. A circular containing, amongst other things, (i) further details of the Acquisition; and (ii) a notice of the SGM is expected to be despatched to the Shareholders on or before 18 August 2017.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“AJSH”	北京安家世行融資擔保有限公司 (Beijing An Jia Shi Hang Financing Guarantee Company Limited*), a limited liability company incorporated in the PRC
“Board”	the board of Directors
“Business Day(s)”	means a day on which licensed banks in Hong Kong are generally open for business (other than a Saturday or Sunday or public holiday in Hong Kong)
“BVI”	the British Virgin Islands

“Company”	Greater China Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listing on the Main Board of the Stock Exchange (Stock Code: 431)
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement
“Condition(s)”	the condition(s) precedent set out in the Sale and Purchase Agreement
“Consideration”	the consideration of HK\$300 million payable by the Purchaser to the Vendor in cash for acquiring the Sale Shares and accepting the assignment of the Sale Loan under the Sale and Purchase Agreement
“CSN”	北京決策尚諾科技有限公司 (Beijing Jue Ce Shang Nuo Technology Company Limited*), a limited liability company incorporated in the PRC
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (from time to time)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders who are not required by Listing Rules to abstain from voting at the SGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended or supplemented from time to time
“Long Stop Date”	being 31 December 2017 or such other date as all parties to the Sale and Purchase Agreement may agree in writing
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Profit Guarantee”	the profit guarantee given by the Vendor under the Sale and Purchase Agreement

“Purchaser”	Harmonic Edge Limited, a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 28 July 2017 entered into among the Purchaser, the Vendor and the Vendor Guarantor relating to the Acquisition
“Sale Loan”	the shareholder’s loan owing by the Target Group to the Vendor at Completion
“Sale Share(s)”	50,000 issued shares of US\$1 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“SFH”	北京晟峰惠咨询有限公司 (Beijing Sheng Feng Hui Advisory Company Limited*), a wholly foreign-owned enterprise established in the PRC
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) in the Company of HK\$0.001 each
“Shareholder(s)”	holder(s) of the Share(s)
“SMIL”	Success Mark Inc Limited, a limited liability company incorporated in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sino Wealth Investment Co., Limited, a company incorporated in BVI with limited liability
“Target Group”	Target Company and its subsidiaries
“US\$”	United States Dollars
“Vendor”	New Wealth Investment Co., Limited, a company incorporated in BVI with limited liability

“Vendor Guarantor”

Mr. Yang Dayong (楊大勇先生), who is the beneficial owner of the entire equity interest of the Vendor and who, together with his associates, are also interested in 612,810,000 Shares as at the date of this announcement

“%”

per cent.

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

Hong Kong, 28 July 2017

*For the purposes of illustration only, any amounts denominated in RMB in this announcement are translated into HK\$ at the rate of RMB0.8634 = HK\$1. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted of any particular rate at all.*

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

\* *for translation and identification purposes only*