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(Stock Code: 431)

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

PROFIT WARNING

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

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the unaudited consolidated management accounts of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Management Accounts**”) and information currently available to the Board, the Group expects to record a loss attributable to Shareholders of not less than HK\$200 million for the year ended 31 December 2019, as compared to the net loss of approximately HK\$58.6 million for the year ended 31 December 2018.

The expected increase in the net loss is mainly contributed by the following reasons:

- (i) an impairment loss on goodwill of approximately HK\$111 million in respect of the three cash generating units (“**CGU**”), namely the financing referral CGU, the financial guarantee CGU and the assets management CGU of the Group as the cash flow forecasts of these CGUs are revised downwards due to the economic slowdown in the PRC as well as Hong Kong;
- (ii) a provision for financial guarantees of approximately HK\$84 million in respect of the financial guarantees issued by the Group to the customers in the course of the financial guarantee services as total amount of financial guarantee issued increased; and
- (iii) an impairment loss, net of reversal of approximately HK\$18 million as the expected credit loss in the receivables increased.

According to the unaudited consolidated financial statements of the Sino Wealth Investment Co., Limited (“**Sino Wealth**”, together with its subsidiaries, “**Sino Wealth Group**”), after taking into consideration of the provision for financial guarantees Sino Wealth Group recorded a net loss after tax for the year ended 31 December 2019, i.e. lower than the profit guarantee given by New Wealth Investment Co., Limited (“**Sino Wealth Vendor**”). As a result of the non-fulfilment of the profit guarantee, the Group will enter into negotiation with the Sino Wealth Vendor in respect of the compensation under the profit guarantee. The Group will make further announcements in accordance with the Listing Rules.

As the Company is still in the process of finalizing its financial results for the year ended 31 December 2019, the information contained in this announcement is a preliminary assessment by the management of the Company based on the Management Accounts 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. The figures disclosed in this announcement may be subject to changes and adjustments. Details of the Group’s performance will be disclosed in the results announcement which is expected to be published by the Company on 24 March 2020.

Shareholders and potential investors are advised to 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, 17 March 2020

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