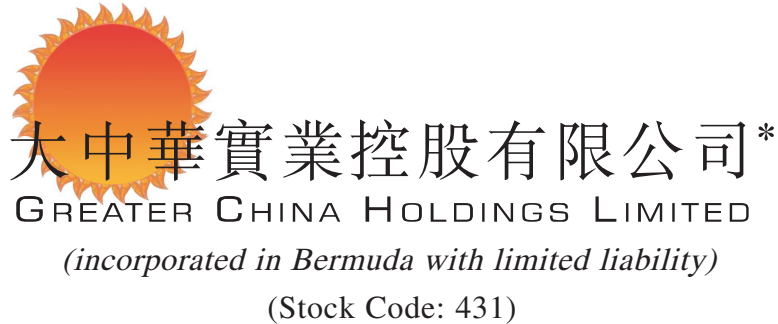


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*



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

**MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE ISSUED SHARE CAPITAL OF  
ORIENTAL CREDIT HOLDINGS LIMITED  
INVOLVING THE ISSUE OF CONVERTIBLE NOTES**

**Financial Advisor to Greater China Holdings Limited**



**THE SALE AND PURCHASE AGREEMENT**

On 20th November 2014 after trading hours, the Company, the Vendors and the Vendors Guarantor entered into the Sale and Purchase Agreement pursuant to which, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company.

The Consideration shall initially be HK\$150 million (subject to adjustments) for the Sale Shares in accordance with the Sale and Purchase Agreement. The Consideration shall be satisfied by the Company by way of issue of the Convertible Notes in the initial principal amount of HK\$150 million. The Convertible Notes will be issued in three tranches: (i) HK\$80 million (subject to adjustment) by way of issue of the 2014 Convertible Note at the 2014 Convertible Note Issue Date; (ii) HK\$35 million (subject to adjustment) by way of issue of the 2015 Convertible Note at the 2015 Convertible Note Issue Date; and (iii) HK\$35 million (subject to adjustment) by way of issue of the 2016 Convertible Note at the 2016 Convertible Note Issue Date. The initial Consideration is subject to adjustments on the basis of the Performance Targets as set out in the Sale and Purchase Agreement and may be adjusted upward to a maximum of HK\$180 million, which shall be satisfied by the Company by way of issue of the Convertible Notes with aggregate principal amount of up to HK\$180 million.

\* For identification purposes only

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. The Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares) are subject to Shareholders' approval by way of poll at the SGM. As no Shareholder has any material interest in the Acquisition which is different from that of other Shareholders, none of the Shareholders is required to abstain from voting at the SGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the financial information of the Group; (iv) pro forma financial information of the Enlarged Group; and (v) a notice convening the SGM is expected to be despatched to the Shareholders on or before 24th December 2014 as additional time is required to prepare the financial information to be included in the circular.

## **INTRODUCTION**

On 20th November 2014 after trading hours, the Company, the Vendors and the Vendors Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares.

## **THE SALE AND PURCHASE AGREEMENT**

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

### **Date**

20th November 2014

### **Parties**

Purchaser: the Company

Vendors: Rosy Start;  
Equity Partner;  
Century Best; and  
Asiabiz

Vendors Guarantor: Mr. Joseph Shie Jay Lang ("**Mr. Lang**"), the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best

As at the date of this announcement, 200 shares of the Target Company, being all its issued share capital, are legally and beneficially owned by Rosy Start, Equity Partner, Century Best and Asiabiz according to the Vendor Shareholding Ratio. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and the Vendors Guarantor is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing all its issued shares of the Target Company.

Through its subsidiaries, the Target Company is the legal and beneficial owner of the entire registered capital of the Shanghai WFOE, which in turn has entered into a series of VIE Contracts. Through the VIE Contracts, the Shanghai WFOE has effective control over the finance and operation of the Shanghai OPCO, and the entire economic interest and benefits of the Shanghai OPCO. The Shanghai OPCO is primarily engaged in pawnshop business in Shanghai, the PRC.

### **Consideration**

The Consideration shall initially be HK\$150 million for the Sale Shares (subject to adjustments as detailed in the section headed “Performance Targets and Consideration Adjustments” below) in accordance with the Sale and Purchase Agreement. The Consideration was determined after arm’s length negotiations between the Company and the Vendors after taking into account, among others, (i) a preliminary valuation of the Target Group compiled using a market approach; (ii) the Performance Targets (as defined below) of the Target Group; (iii) the latest unaudited net asset value of the Target Group; (iv) the payment terms of the Consideration; and (v) the opportunity for the Company to enter into pawnshop business in Shanghai as a result of the Acquisition.

The Consideration shall be satisfied by the Company by way of issue of the Convertible Notes in the following manner:

- (a) at the 2014 Convertible Note Issue Date, a sum of HK\$80,000,000 (subject to adjustment) will be paid by way of issue of the 2014 Convertible Note to the Vendors according to the Vendor Shareholding Ratio;
- (b) at the 2015 Convertible Note Issue Date, a sum of HK\$35,000,000 (subject to adjustment) will be paid by way of issue of the 2015 Convertible Note to the Vendors according to the Vendor Shareholding Ratio; and
- (c) at the 2016 Convertible Note Issue Date, a sum of HK\$35,000,000 (subject to adjustment) will be paid by way of issue of the 2016 Convertible Note to the Vendors according to the Vendor Shareholding Ratio.

## Performance Targets and Consideration Adjustments

The initial Consideration (and accordingly the initial principal amount of Convertible Notes) is subject to adjustments on the basis of the following performance targets of the Target Group:–

- (i) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2014 (the “**2014 Net Profit**”) shall not be less than HK\$15 million (the “**2014 Performance Target**”);
- (ii) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2015 (the “**2015 Net Profit**”) shall not be less than HK\$25 million (the “**2015 Performance Target**”); and
- (iii) the Audited Consolidated Net Profit After Tax of the Target Group for the financial year ending 31st December 2016 (the “**2016 Net Profit**”) shall not be less than HK\$40 million (the “**2016 Performance Target**” and, together with the 2014 Performance Target and the 2015 Performance Target, the “**Performance Targets**”).

On the basis of the above Performance Targets, the principal amount of the 2014 Convertible Note, 2015 Convertible Note and 2016 Convertible Note shall each be adjusted to an amount equal to:

- (i) in respect of the 2014 Convertible Note:  
 $\text{HK\$80,000,000} + (A_{2014} - B_{2014}) \times (\text{HK\$150,000,000}/C)$ ;
- (ii) in respect of the 2015 Convertible Note:  
 $\text{HK\$35,000,000} + (A_{2015} - B_{2015}) \times (\text{HK\$150,000,000}/C)$ ; and
- (iii) in respect of the 2016 Convertible Note:  
 $\text{HK\$35,000,000} + (A_{2016} - B_{2016}) \times (\text{HK\$150,000,000}/C)$ ;

where

$A_{2014}$	=	the 2014 Net Profit;
$A_{2015}$	=	the 2015 Net Profit;
$A_{2016}$	=	the 2016 Net Profit;
$B_{2014}$	=	the 2014 Performance Target;
$B_{2015}$	=	the 2015 Performance Target;
$B_{2016}$	=	the 2016 Performance Target; and
$C$	=	the sum of the audited combined net asset value of the Target Group for the financial year ended 31st December 2013, the 2014 Performance Target, the 2015 Performance Target and the 2016 Performance Target

If the adjusted principal amount of the 2014 Convertible Note or the 2015 Convertible Note shall exceed multiples of 1.2 of their respective original principal amount, the adjusted principal amount shall be the multiples of 1.2 of their respective original principal amount.

In any event, the sum of the adjusted principal amount of the 2014 Convertible Note, the 2015 Convertible Note and the 2016 Convertible Note (that is, the adjusted Consideration) shall not exceed HK\$180,000,000. If on either of the 2014 Convertible Note Issue Date, 2015 Convertible Note Issue Date or 2016 Convertible Note Issue Date, the sum of the adjusted principal amount of the Convertible Notes to be issued and the principal amount of all Convertible Notes issued exceeds HK\$180,000,000, the Company shall only issue additional Convertible Notes in the principal amount being the difference between HK\$180,000,000 and the sum of the principal amount of all Convertible Notes issued.

### **Put Option**

Upon the sole and absolute discretion of the Board, the Company shall be entitled to require each Vendor, severally but not jointly, to repurchase all Sale Shares held by it (the “**Put Option**”) within the period from Completion Date to the 30th Business Day after the 2015 Convertible Note Issue Date or such other period as the Board of the Company may otherwise determine 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 Vendors for the repurchase of the Sale Shares upon the Company exercising the Put Option shall be equivalent to the Consideration (the “**Put Price**”). The Put Price shall be set off against the amounts of the Consideration and the 2014 Convertible Note and 2015 Convertible Note (if issued) shall be cancelled.

### **Conditions Precedent**

Completion of the Acquisition is conditional upon satisfaction or waiver (as the case may be):

- (i) the passing of all resolutions by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Sale and Purchase Agreement by the Company and the performance of the transactions contemplated thereunder including, without limitations, the acquisition of the Sale Shares, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares upon the exercise of the Convertible Notes, in accordance with the relevant provisions in the Listing Rules, the Articles and the applicable laws and regulations in Hong Kong and Bermuda;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Convertible Notes;
- (iii) all existing material permits in respect of the operation of the business of the Target Group remaining valid and subsisting and no notice (actual or constructive) having been received by the Vendors or any member of the Target Group that the same will be terminated, revoked, withdrawn or suspended;
- (iv) (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 Sale and Purchase Agreement and uninterrupted continuation of the business by the Target Group after Completion;

- (v) 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 Shanghai WFOE and the Shanghai OPCO and their respective assets, business 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 Sale and Purchase Agreement;
- (vi) the Company having received certified copy of the certificate of registration of the Equity Pledge (股權質押合同) and supplemental agreement to Equity Pledge (關於《股權質押合同》的補充協議) or other equivalent documents certifying the due registration of the Equity Pledge and the supplemental agreement to Equity Pledge in the PRC government authorities;
- (vii) the Company having received an original confirmation and undertaking in a form and substance acceptable to the Company given by Shanghai Kuailu that the accounts of the Shanghai OPCO have not been consolidated into the accounts of Shanghai Kuailu since the date Shanghai Kuailu became the registered shareholder of the Shanghai OPCO and shall not be consolidated into the accounts of the Shanghai Kuailu after Completion;
- (viii) the Purchaser having received a certified copy of the revised entrustment loan agreement in a form and substance acceptable to the Purchaser in relation to the Entrustment Loan with interest rate of 6% per annum or lower;
- (ix) the Company notifying the Vendors in writing that it is reasonably satisfied with the due diligence review; and
- (x) the warranties remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

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

The Company may in its sole and absolute discretion at any time before Completion waive the Conditions (other than those in Conditions (i) to (ii) if and to the extent that such waiver, if issued, would cause or result in any of the parties or any member of the Target Group to the Sale and Purchase Agreement or any member of the Target Group breaching the Listing Rules and any other applicable laws and regulations) by notice in writing to the Vendors, and such waiver may be subject to terms and conditions as determined by the Company.

If any of the Conditions has not been fulfilled (or after fulfilled, have been revoked by the Completion Date, or, where applicable, waived by the Company in writing) on or before the Long Stop Date, either party shall be entitled to rescind the Sale and Purchase Agreement by giving 5 Business Days' written notice to the other parties whereupon the provisions of the Sale and Purchase Agreement shall from such date have no further force and effect and no party shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

## Completion

Completion shall take place on the third Business Day after all Conditions to Completion have been satisfied or waived (as the case may be), or such other date as the Company and the Vendors may agree in writing.

Upon Completion, the Company may appoint a nominee of the Vendors as a non-executive Director as approved by the Board in compliance with the Listing Rules and the Articles.

## THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised below:

Principal amount:	HK\$150,000,000 (or up to HK\$180,000,000 after adjustment)
Maturity date:	Fifth anniversary of the date of issue (the “ <b>Maturity Date</b> ”)
Interest:	Nil
Conversion Price:	HK\$1.2 per Conversion Share (subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Notes)
Adjustment events:	<p>The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:</p> <ul style="list-style-type: none"><li>(i) consolidation or sub-division or re-classification of Shares;</li><li>(ii) issue of shares by way of capitalisation of profits or reserves; or</li><li>(iii) capital distribution or grant to Shareholders rights to acquire for cash assets of the Group</li></ul>
Conversion Shares:	<p>On the basis of the initial Consideration of HK\$150,000,000 and the Conversion Price of HK\$1.2, a total of 125,000,000 Conversion Shares will be allotted and issued upon full conversion of the Convertible Notes, which represents:</p> <ul style="list-style-type: none"><li>(i) approximately 41.69% of the total issued share capital of the Company as at the date of this announcement; and</li><li>(ii) approximately 29.42% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes.</li></ul>

On the basis of the maximum adjusted Consideration of HK\$180,000,000 and the Conversion Price of HK\$1.2, a total of 150,000,000 Conversion Shares will be allotted and issued upon full conversion of the Convertible Notes, which represents:

- (i) approximately 50.03% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 33.34% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes.

The Conversion Shares shall be allotted and issued under the specific mandate to be sought at the SGM.

**Conversion Rights:**

The Noteholder shall have the right to convert on any Business Day during the Conversion Period (as defined below), the whole or any part(s) of the principal amount of the Convertible Notes into Shares at any time and from time to time at the Conversion Price provided that such part of the principal amount of the Convertible Notes has not previously been converted or redeemed or purchased or cancelled.

**Conversion restrictions:**

The Conversion Rights shall not be exercised by the Noteholder if and to the extent that, immediately following the conversion:

- (i) the Company will be unable to meet the public float requirement under the Listing Rules; or
- (ii) the Noteholder together with the parties acting in concert with it will hold or control such amount of the Company's voting power at general meetings as shall trigger a mandatory general offer under the Takeovers Code issued by the SFC and in effect at the material time (whether or not a waiver of the mandatory general offer obligation has been granted).

**Conversion period:**

the date upon the expiry of the Put Option Period (the "**Conversion Period**") and ending on the 21st Business Day before the Maturity Date



**Redemption:** Unless previously converted, redeemed, purchased or cancelled in accordance with the conditions of the Convertible Notes, the Convertible Notes will be redeemed by the Company on the Maturity Date at its principal amount outstanding together with all accrued and unpaid interest upon the presentation of the original of the certificate for the Convertible Notes to the Company.

**Ranking:** The Conversion Shares shall rank pari passu in all respects with all other existing Shares outstanding at the Exercise Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.

**Transferability:** The Convertible Notes or any part(s) thereof may be assigned or transferred at any time with the prior written approval of the Board, provided such assignment or transfer shall also be in compliance with the conditions thereunder and further subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under:

- (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and
- (ii) the Listing Rules and all applicable laws and regulations.

In any event, no transfer of the Convertible Notes shall take place before the commencement of the Conversion Period.

**Application for listing:** No application will be made to the Stock Exchange for listing of the Convertible Notes.

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

## **The Conversion Price**

The Conversion Price represents:

- (i) a discount of approximately 33.7% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on 20th November 2014, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 30.2% to the average closing price of approximately HK\$1.72 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20th November 2014;
- (iii) a discount of approximately 28.7% to the average closing price of approximately HK\$1.68 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 20th November 2014;

- (iv) a discount of approximately 10.1% to the average closing price of approximately HK\$1.33 per Share as quoted on the Stock Exchange for the last three months up to and including 20th November 2014; and
- (v) a premium of approximately 207.7% over the unaudited net asset value per Share attributable to the Shareholders of approximately HK\$0.39 as at 30th June 2014, calculated based on the unaudited consolidated net asset attributable to the Shareholders of approximately HK\$117,502,000 as at 30th June 2014 and 299,847,114 Shares issued as at the date of this announcement.

The Conversion Price was determined after arm's length negotiation between the Company and the Vendors with reference to, among other things, the historical trading prices of the Shares. More particularly, it is noted that the Shares were trading persistently at a price below HK\$1.2 for a substantial period of time during the one-year period immediately before the date of this announcement. Accordingly, the Conversion Price represents:

- (i) a premium of approximately 33.0% over the average closing price of approximately HK\$0.90 per Share as quoted on the Stock Exchange for the last six months up to and including 20th November 2014;
- (ii) a premium of approximately 77.2% over the average closing price of approximately HK\$0.68 per Share as quoted on the Stock Exchange for the last one year up to and including 20th November 2014.

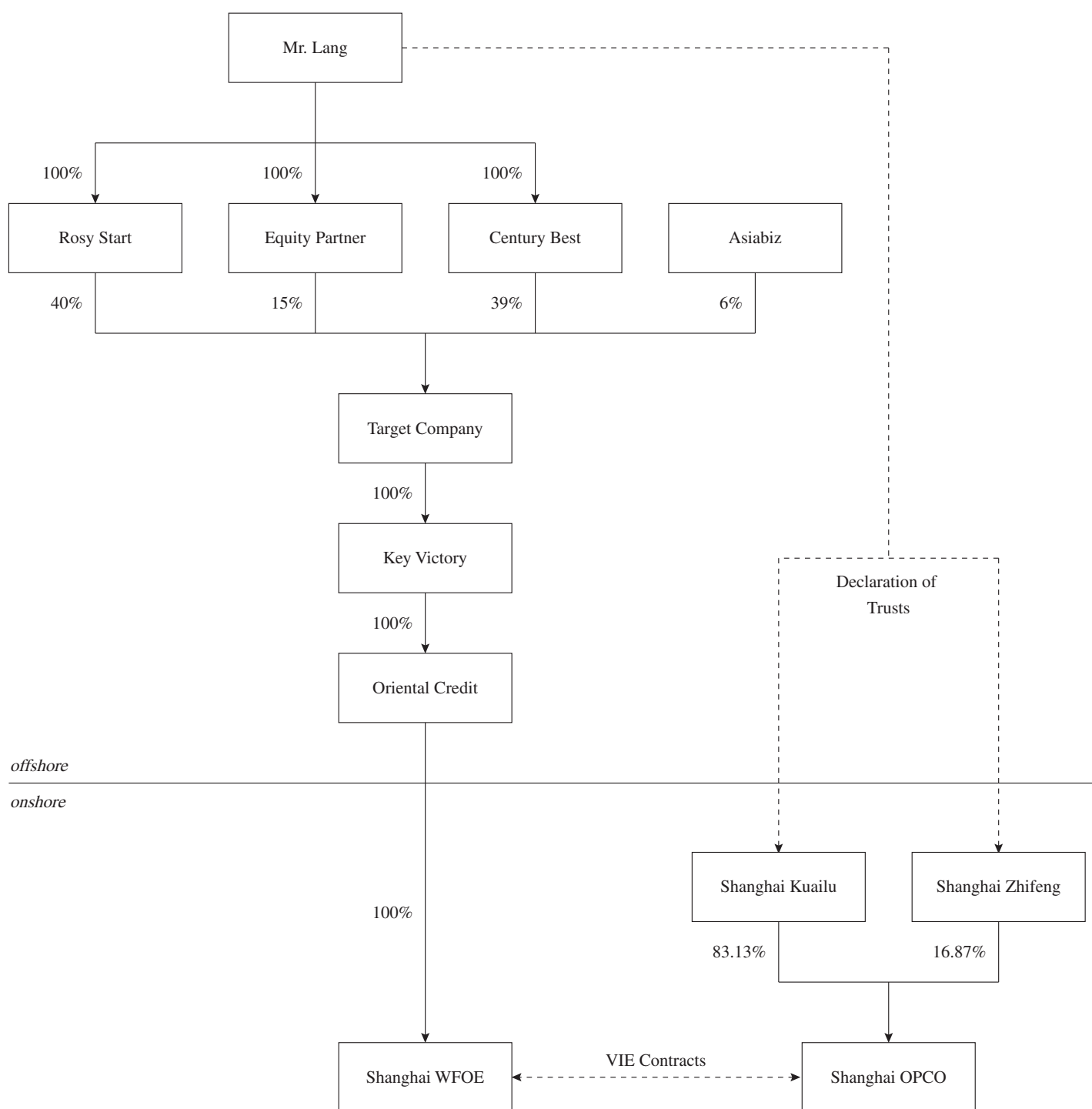
Having considered the above and on the basis that the Conversion price represents a substantial premium to the Company's latest published unaudited net asset value per Share (as at 30th June 2014), the Directors consider it commercially reasonable, on an arm's length negotiation, to take into account a longer time horizon on the Share price performance in negotiating and arriving at the Conversion Price.

## **INFORMATION OF THE TARGET GROUP**

### **The Target Company and its subsidiaries**

The Target Company is an investment holding company incorporated in Cayman Islands with limited liability. The entire issued share capital of the Target Company is owned by Rosy Start, Equity Partner, Century Best and Asiabiz according to the Vendor Shareholding Ratio. Rosy Start, Equity Partner and Century Best are wholly owned by Mr. Lang. The Target Company currently has three wholly-owned subsidiaries, namely Key Victory and Oriental Credit which are also investment holding companies, and the Shanghai WFOE having an approved business scope of the provision of investment consulting services.

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



### The Declaration of Trusts

As at the date of the Sale and Purchase Agreement, Mr. Lang has entered into the Declaration of Trusts with each of Shanghai Kuailu and Shanghai Zhifeng, pursuant to which Mr. Lang appointed each of Shanghai Kuailu and Shanghai Zhifeng as his trustees to be the registered shareholders of the equity and exercise the shareholders' rights of the Shanghai OPCO, and the equity of the Shanghai OPCO held by Shanghai Kuailu and Shanghai Zhifeng is beneficially owned by Mr. Lang.

The Company's PRC legal adviser is of the view that the Declaration of Trusts between Mr. Lang and each of Shanghai Kuailu and Shanghai Zhifeng do not constitute a breach of PRC laws and regulations and are legally valid and effective against the parties to the Declaration of Trusts under the relevant PRC laws and regulations. Pursuant to the terms of the Declaration of Trusts, Mr. Lang beneficially owns the entire equity interest of the Shanghai OPCO. Mr. Lang shall be recognized by the relevant PRC governmental authorities as the registered shareholders of the Shanghai OPCO when the competent governmental approval and registration are obtained.

### **The VIE Contracts**

Pursuant to the prevailing laws and regulations in the PRC, foreign-invested enterprises are not prohibited from engaging in pawnshop business in the PRC. Pursuant to the "Pawnshop Administrative Policies" (《典當管理辦法》) issued by the Ministry of Commerce of the PRC and the Ministry of Public Security of the PRC, administrative policies governing the investment in pawnshop business in the PRC by foreign enterprises as well as Hong Kong, Macau and Taiwan investors should be separately formulated by the Ministry of Commerce of the PRC and other relevant government authorities. However, as advised by the Company's PRC legal adviser, the Ministry of Commerce of the PRC and other relevant government authorities have not yet issued such administrative policies as at the date of the Sale and Purchase Agreement. Furthermore, based on the telephone consultation conducted by the Company's PRC legal adviser with certain official of Shanghai Municipal Commission of Commerce (上海市商務委員會), the relevant government authority regulating the Shanghai OPCO in relation to pawnshop business currently does not accept any application submitted by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investment in pawnshop business in Shanghai.

In light of the above, the Company's PRC legal adviser is of the view that foreign-invested enterprises are not prohibited from engaging in pawnshop business in the PRC according to prevailing laws and regulations in the PRC. However, no implementing rules and regulations in the PRC governing foreign investment in pawnshop business has been announced by the Ministry of Commerce of the PRC and relevant government authorities as at the date of the Sale and Purchase Agreement. In addition, as verbally consulted with certain official of the abovementioned government authority, the relevant government authority regulating the Shanghai OPCO currently does not accept applications by foreign enterprises or Hong Kong, Macau and Taiwan investors in relation to investment in pawnshop business in Shanghai. Therefore, the Company's PRC legal adviser is of the view that, it is not possible for foreign investors, as a matter of practice, to register as shareholders of the Shanghai OPCO as at the date of the Sale and Purchase Agreement.

The Shanghai WFOE, the Shanghai OPCO, Shanghai Kuailu and Shanghai Zhifeng entered into the VIE Contracts, pursuant to which, despite the Shanghai WFOE does not have any registered equity ownership in the Shanghai OPCO, the Shanghai WFOE is able to gain control over the finance and operation of the Shanghai OPCO, and the entire economic interest and benefits of the Shanghai OPCO. Accordingly, the financial results of the Shanghai OPCO are capable of being consolidated into the financial results of the Shanghai WFOE which in turn are capable of being consolidated into the financial results of the Target Company. 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) dated 30th September 2014 and its supplemental agreement dated 20th November 2014, pursuant to which the Shanghai WFOE agreed to provide the Shanghai OPCO with exclusive management consultancy services, including, among others, establishing appropriate pawnshop business model, operation policies and marketing plans, and providing market materials and client information, and the Shanghai OPCO agreed to pay its profit before income tax (deducting all necessary costs and expenses) as service fees to the Shanghai WFOE;

- (ii) Equity Pledge (股權質押合同) dated 30th September 2014 and its supplemental agreement dated 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to pledge the entire equity of the Shanghai OPCO to the Shanghai WFOE, as security for the payment obligation under the Exclusive Consulting Service Agreement;
- (iii) Exclusive Call Option Agreement (獨家購買期權協議) dated 30th September 2014 and its supplemental agreement dated 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to irrevocably grant the Shanghai WFOE with the exclusive right to purchase all or part of the equity of the Shanghai OPCO from Shanghai Kuailu and Shanghai Zhifeng when permitted by the PRC laws and regulations; and
- (iv) Authorization Agreement (授權委託協議) dated 30th September 2014 and its supplemental agreement dated 20th November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng unconditionally and irrevocably grant the Shanghai WFOE or any party assigned by the Shanghai WFOE with the right to exercise all the shareholders' right of the Shanghai OPCO at the discretion of the Shanghai WFOE.

The Company's PRC legal adviser is of the view that, except that some of the dispute resolution provisions in the VIE Contracts may not be recognized by the PRC court, the VIE Contracts do not constitute a breach of the PRC laws and regulations and the VIE Contracts will not be deemed invalid or ineffective under PRC laws and regulations. Besides, the VIE Contracts will not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC contract law. Except for the abovementioned dispute resolution provisions in the VIE Contracts, the VIE contracts are valid and enforceable against the parties to the VIE Contracts.

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

The Target Group is primarily engaged in pawnshop business in the PRC, which can generally be classified into four segments according to the types of collaterals of its loan portfolio:

- (i) civilian goods: jewelries, antiques, watches;
- (ii) equity: shares of listed and unlisted companies;
- (iii) real estate: residential real estate and commercial real estate and factories; and
- (iv) vehicles: vehicles with licenses in Shanghai.

### **Financial information of the Target Group**

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

The following table sets out the unaudited consolidated financial information of the Target Group for each of the financial years ended 31st December 2012 and 2013, respectively:

	For the year ended 31st December	
	2012 (HK\$)	2013 (HK\$)
Revenue	3,912,200	8,467,589
Loss before taxation	(1,407,786)	(804,451)
Net loss attributable to owners of the Target Company	(1,426,316)	(991,951)

As at 31st December 2013, the unaudited consolidated net asset value of the Target Group was approximately HK\$57.29 million.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Company.

### **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 making loss since 2012 mainly due to a slump in general trading segment 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 interim report for the six months ended 30th June 2014, the Group will continue to seek opportunity to expand the income stream and explore different investment opportunities which are suitable for the Group with the objective to maximize the return to the Shareholders.

The Acquisition provides a valuable opportunity for the Group to enter into the pawnshop industry in Shanghai. According to Supervision and Management Information System of Pawn Loan Business of Ministry of Commerce of the PRC (商務部典當行業監督管理信息系統), the pawn loan industry advanced an aggregate of RMB333.6 billion of pawn loans in 2013, representing a year-on-year growth rate of 24.7%. The balance of outstanding pawn loans was RMB86.6 billion at the end of 2013, representing a year-on-year growth rate of 28.1%. Shanghai is the economic and financial center of China. According to National Bureau of Statistics of China, Shanghai had gross domestic products of RMB2.16 trillion in 2013, which is the highest among the provinces in the PRC. This provides a favourite business environment for the Target Group in respect of its pawnshop business.

Having considered, among other things:

- the expected market potential of pawnshop 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 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 pawnshop business in the PRC;

- the Sale and Purchase Agreement has in place the Performance Targets covering the period up to 31st December 2016 and a corresponding adjustment mechanism on the Consideration to safeguard the interests of the Company;
- the Acquisition provides the Company with an opportunity to expand its business horizon to tap on a growth sector in the PRC, expand its income stream, diversify its business risk as well as improve its financial performance;
- the Sale and Purchase Agreement provides for a Put Option for the Company to opt out the investment should it consider the investment not suitable or not performing to its satisfaction; and
- the Consideration is to be settled solely by way of Convertible Notes, which does not drain on the Company's liquidity and would not have an immediate dilution effect on the shareholding of its Shareholders as the Convertible Notes can only be converted into Conversion Shares after the expiry of the Put Option Period (i.e. the 30th Business Day after the 2015 Convertible Note Issue Date);

the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## 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; (iii) immediately upon full conversion of the Convertible Notes with principal amount of HK\$150,000,000; and (iv) immediately upon full conversion of the Convertible Notes with maximum principal amount of HK\$180,000,000:

	As at the date of this announcement <i>(Note 2)</i>		Immediately upon Completion <i>(Note 2)</i>		Immediately upon full conversion of the Convertible Notes with principal amount of HK\$150,000,000 <i>(Note 2)</i>		Immediately upon full conversion of the Convertible Notes with maximum principal amount of HK\$180,000,000 <i>(Note 2)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Directors</b>								
Keenlead Holdings Limited <i>(Note 1)</i>	120,212,256	40.09	120,212,256	40.09	120,212,256	28.30	120,212,256	26.72
<b>The Vendor</b>	–	–	–	–	125,000,000	29.42	150,000,000	33.34
<b>Public Shareholders</b>	<u>179,634,858</u>	<u>59.91</u>	<u>179,634,858</u>	<u>59.91</u>	<u>179,634,858</u>	<u>42.28</u>	<u>179,634,858</u>	<u>39.94</u>
Total	<u>299,847,114</u>	<u>100.00</u>	<u>299,847,114</u>	<u>100.00</u>	<u>424,847,114</u>	<u>100.00</u>	<u>449,847,114</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 and before full conversion of the Convertible Notes.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules. The Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares) are subject to Shareholders' approval by way of poll at the SGM. As no Shareholder has any material interest in the Acquisition which is different from that of other Shareholders, none of the Shareholders is required to abstain from voting at the SGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

## GENERAL

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the financial information of the Group; (iv) pro forma financial information of the Enlarged Group; and (v) a notice convening the SGM is expected to be despatched to the Shareholders on or before 24th December 2014 as additional time is required to prepare the financial information to be included in the circular.

## DEFINITIONS

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

“2014 Convertible Note Issue Date”	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2014
“2014 Convertible Note”	Convertible Notes with principal amount of HK\$80,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
“2015 Convertible Note Issue Date”	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2015
“2015 Convertible Note”	Convertible Notes with principal amount of HK\$35,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
“2016 Convertible Note Issue Date”	the 60th Business Day after the issue of the audited accounts of the Target Company for the financial year ending 31st December 2016
“2016 Convertible Note”	Convertible Notes with principal amount of HK\$35,000,000 (subject to adjustment) to be issued by the Company to settle part of the Consideration
“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
“Articles”	the articles of association of the Company



“Asiabiz”	Asiabiz Capital Investment Limited, a financial services company incorporated in the Cayman Islands with limited liability
“Audited Consolidated Net Profit After Tax”	for any financial year means the consolidated net profit after taxation of the Target Company and its subsidiaries and entities which are subject to the VIE Contracts (excluding extraordinary profit or that arising from merger and acquisition)
“Board”	the board of Directors
“Business Day(s)”	any day (excluding (i) Saturday, Sunday and other general holidays in Hong Kong; (ii) any day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon; or (iii) any day on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for settlement business
“Century Best”	Century Best Holdings Limited (世佳控股有限公司), an investment holding company incorporated in the British Virgin Islands with limited liability
“Company”	Greater China Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 431)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the third Business Day after the fulfilment of all the Conditions or such other date as the Vendors and the Company may agree in writing on which Completion shall take place
“Condition(s)”	the condition(s) precedent set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules
“Consideration”	the consideration for the Sale Shares payable by the Company pursuant to the Sale and Purchase Agreement
“Conversion Price”	the conversion price of HK\$1.2 per Conversion Share (subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Notes)
“Conversion Rights”	the rights attached to the Convertible Note to convert the whole or any part(s) of the principal amount into Conversion Shares

“Conversion Shares”	125,000,000 new Shares to be allotted and issued by the Company upon conversion of the Convertible Notes at the Conversion Price based on the initial Consideration of HK\$150,000,000 and up to 150,000,000 new Shares based on the adjusted Consideration of HK\$180,000,000 upon Completion
“Convertible Notes”	the 2014 Convertible Note, the 2015 Convertible Note and the 2016 Convertible Note, the aggregate principal amount of which is HK\$150,000,000 (subject to adjustments)
“Declaration of Trusts”	The declaration of trusts entered into between Mr. Joseph Shie Jay Lang and each of Shanghai Kuailu and Shanghai Zhifeng, pursuant to which each of Shanghai Kuailu and Shanghai Zhifeng declared that they hold the equity of the Shanghai OPCO for and on behalf of the Joseph Shie Jay Lang and undertake to exercise the shareholders’ rights of the Shanghai OPCO
Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Target Group upon Completion
“Entrustment Loan”	an entrustment loan in the sum of RMB35,000,000 provided by the Shanghai branch of Huaxia Bank, as entrusted by Shanghai Kuailu, to the Shanghai OPCO under an entrustment loan agreement dated 24th September 2014 entered into between Shanghai Kuailu, the Shanghai branch of Huaxia Bank and the Shanghai OPCO
“Exercise Date”	a date on which a notice is given in respect of the exercise of the Conversion Rights in accordance with the terms and conditions of the Convertible Notes
“Equity Partner”	Equity Partner Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Key Victory”	Key Victory Holdings Limited (傑勝控股有限公司), a limited liability company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Target Company and an indirect shareholder of the entire equity in the Shanghai WFOE
“Independent Third Party(ies)”	an individual or a company who is not connected with any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates and is independent of the Company

“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six months after the date of the Sale and Purchase Agreement or such other time as the parties agree in writing
“Noteholder”	the person who is for the time being the registered holder of the Convertible Notes
“Oriental Credit”	Oriental Credit Company Limited (東方信貸有限公司), a limited liability company incorporated in Hong Kong, an indirect wholly-owned subsidiary of the Target Company and a direct shareholder of the entire interest in the Shanghai WFOE
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rosy Start”	Rosy Start Investments Limited (肩茂投資有限公司), an investment holding company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 20th November 2014 entered into between the Company, the Vendors and the Vendors Guarantor in respect of the Acquisition
“Sale Shares”	200 shares of the Target Company, which represent all the issued and fully paid-up shares of the Target Company
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering, and if the Shareholders think fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder (including the specific mandate to be sought for the allotment and issue of the Conversion Shares)
“Shanghai Kuailu”	上海快鹿投資(集團)有限公司, a limited liability company incorporated in the PRC, the registered shareholder of the Shanghai OPCO which holds 83.13% of equity in the Shanghai OPCO
“Shanghai OPCO”	上海新盛典當有限公司, a limited liability company incorporated in the PRC and is primarily engaged in pawnshop business in the PRC
“Shanghai WFOE”	上海佑勝投資諮詢有限公司, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Target Company

“Share(s)”	ordinary share(s) of HK\$0.005 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SFC”	Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Oriental Credit Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the entire issued share capital of which is owned by the Vendors as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries (and, for this purpose, include Shanghai OPCO) pursuant to the VIE Contracts
“Trading Day”	a day on which the Shares are traded on the Stock Exchange
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendors”	Rosy Start, Equity Partner, Century Best and Asiabiz, the legal and beneficial owners of the entire issued share capital of the Target Company
“Vendor Shareholding Ratio”	the ratio of shareholding in the Target Company by Asiabiz, Century Best, Equity Partner and Rosy Start that is 6%:39%:15%:40%, respectively
“Vendors Guarantor”	Joseph Shie Jay Lang ( 郎世杰 )
“VIE”	Variable Interest Entity, refers to an entity (the investee) in which the investor holds a controlling interest that is not based on the majority of voting rights
“VIE Contracts”	a series of agreements entered into by Shanghai WFOE, namely:– <ul style="list-style-type: none"> <li>(i) Exclusive Consulting Service Agreement ( 獨家管理顧問服務協議 ) dated 30th September 2014 between Shanghai WFOE and Shanghai OPCO;</li> <li>(ii) Equity Pledge ( 股權質押合同 ) dated 30th September 2014 between Shanghai Zhifeng and Shanghai Kuailu as pledgor in favour of Shanghai WFOE as pledgee;</li> </ul>

- (iii) Exclusive Call Option Agreement (獨家購買期權協議) dated 30th September 2014 between Shanghai WFOE, Shanghai Zhifeng, Shanghai Kuailu and Shanghai OPCO;
- (iv) Authorization Agreement (授權委託協議) dated 30th September 2014 between Shanghai WFOE, Shanghai Zhifeng and Shanghai Kuailu;
- (v) Supplemental agreement to Exclusive Consulting Service Agreement (關於《獨家管理顧問服務協議》的補充協議) dated 20th November 2014 between Shanghai WFOE and Shanghai OPCO;
- (vi) Supplemental agreement to Equity Pledge (關於《股權質押合同》的補充協議) dated 20th November 2014 between Shanghai Zhifeng and Shanghai Kuailu as pledgor in favour of Shanghai WFOE as pledgee;
- (vii) Supplemental agreement to Exclusive Call Option Agreement (關於《獨家購買期權協議》的補充協議) dated 20th November 2014 between Shanghai WFOE, Shanghai Zhifeng, Shanghai Kuailu and Shanghai OPCO; and
- (viii) Supplemental agreement to Authorization Agreement (關於《授權委託協議》的補充協議) dated 20th November 2014 between Shanghai WFOE, Shanghai Zhifeng and Shanghai Kuailu

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

Hong Kong, 20th November 2014

*As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive Directors, Mr. Chan Sze Hon as non-executive Director; and Mr. Ching Men Ky Carl, Mr. Lin Rwei-min and Mr. Shu Wa Tung Laurence as independent non-executive Directors.*