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(Stock Code: 431)

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**MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
INTRADAY FINANCIAL INFORMATION SERVICE LIMITED  
INVOLVING ISSUE OF CONSIDERATION SHARES AND  
CONVERTIBLE NOTES**

**Financial Advisor to Greater China Holdings Limited**



**THE SALE AND PURCHASE AGREEMENT**

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 has 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\$650 million (subject to adjustments) for the Sale Shares in accordance with the Sale and Purchase Agreement. The Consideration shall be satisfied by the Company in the following manner:

- (i) HK\$286 million shall be paid by way of issue and allotment of 88,000,000 Shares at Completion; and

\* For identification purposes only

- (ii) HK\$364 million (subject to adjustments) shall be paid 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) will 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) will 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 is subject to adjustments on the basis of the Performance Targets as set out in the Sale and Purchase Agreement.

### **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 issue and allotment of the Consideration Shares and 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 29th May 2015 as additional time is required to prepare the financial information to be included in the circular.

### **INTRODUCTION**

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 has 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**

15th April 2015

## **Parties**

Purchaser:	the Company
Vendor:	Long Tu Limited
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**

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

Through its Hong Kong subsidiary, the Target Company is the legal and beneficial owner of the entire registered capital of the WFOE, which in turn has entered into a series of VIE Contracts with the OPCO. Through the VIE Contracts, the WFOE has effective control over the finance and operation of the OPCO, and the entire economic interest and benefits of the OPCO. The OPCO is primarily engaged in the operation of an Internet finance platform in the PRC called “當天金融在線” ([www.dtd365.com](http://www.dtd365.com)).

## **Consideration**

The Consideration shall initially be HK\$650 million for the Sale Shares (subject to adjustments) in accordance with the Sale and Purchase Agreement (see the section headed “Performance Targets and consideration adjustments” below). The Consideration was determined after arm’s length negotiations between the Company and the Vendor after taking into account, among others, (i) the investment price paid by Asiabiz for the private placements of shares in the Target Company which was determined in the last few months before the date of the Sale and Purchase Agreement as well as the parameters considered by Asiabiz in deriving the investment price; (ii) the Performance Targets (as defined below) of the Target Group; (iii) the latest unaudited net asset value of the Target Group; (iv) the operating performance of the Target Group including but not limited to the number of registered and investment users, subscription amount, etc.; (v) the business prospect of the Target Group; (vi) the payment terms of the Consideration; and (vii) the opportunity for the Company to enter into the rapidly growing Internet finance industry in the PRC as a result of the Acquisition. Further details on the development of the Internet finance industry in the PRC are set out in the section headed “Reasons for and benefits of the Acquisition” below.

The Consideration shall be satisfied by the Company in the following manner:

- (a) HK\$286 million shall be paid by way of issue and allotment of 88,000,000 Shares at Completion; and

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

If the 2016 Performance Target (as defined below) has been met prior to the 2016 Convertible Note Issue Date, the Company may settle the remaining part of the Consideration by issuing the 2016 Convertible Note to the Vendor.

### **Performance Targets and consideration adjustments**

The initial Consideration (and accordingly the initial principal amount of the 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 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 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**”).

On the basis of the above Performance Targets, the principal amount of the 2015 Convertible Note and 2016 Convertible Note shall each be adjusted in the following manner:

#### ***(i) adjustment for the 2015 Convertible Note***

Subject to below, the principal amount of the 2015 Convertible Note will be adjusted based on the following formula:

$$A = B \times (C/D)$$

A = adjusted principal amount of 2015 Convertible Note

B = HK\$121,333,333 (original principal amount)

C = 2015 Net Profit

D = 2015 Performance Target

In any event, the sum of the adjusted principal amount of 2015 Convertible Note shall not exceed HK\$182,000,000. If on the 2015 Convertible Note Issue Date the adjusted principal amount of the 2015 Convertible Note exceeds HK\$182,000,000, the Purchaser shall only issue the 2015 Convertible Note in the principal amount of HK\$182,000,000.

**(ii) adjustment for the 2016 Convertible Note**

Subject to below, the principal amount of the 2016 Convertible Note will be adjusted based on the following formula:

$$A = B \times (C/D)$$

A = adjusted principal amount of 2016 Convertible Note

B = HK\$242,666,667

C = 2016 Net Profit

D = 2016 Performance Target

In any event, the sum of the adjusted principal amount of 2015 Convertible Note and the adjusted principal amount of the 2016 Convertible Note shall not exceed HK\$364,000,000. If on the 2016 Convertible Note Issue Date, the sum of the adjusted principal amount of the 2016 Convertible Note to be issued and the principal amount of the 2015 Convertible Note issued exceeds HK\$364,000,000, the Company shall only issue 2016 Convertible Note in the principal amount being the difference between HK\$364,000,000 and the principal amount of the 2015 Convertible Note issued.

**Conditions precedent**

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

- (a) the passing of all resolutions by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the SGM 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 allotment and issue of the Consideration 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 Bye-Laws and the applicable laws and regulations in Hong Kong and Bermuda;
- (b) the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be issued upon the exercise of the Convertible Notes;
- (c) 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;
- (d) (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 (including the business of investment holding and operation of Internet finance platform) by the Target Group after Completion;

- (e) 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 Sale and Purchase Agreement;
- (f) 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;
- (g) the Company notifying the Vendor in writing that it is reasonably satisfied with the due diligence review; and
- (h) the warranties, representations, undertakings and indemnities set out in the Sale and Purchase Agreement 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 (h) 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 (h) are not fulfilled or (after fulfilled, have been revoked by Completion Date, or), where permitted, waived by the Company (in the case of clauses (c) to (h)) in writing on or before the Long Stop Date, the Company may send 5 Business Days' written notice to the Vendor to terminate the Sale and Purchase Agreement.

## **Completion**

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

HK\$286 million of the Consideration shall be paid by way of issue and allotment of the Consideration Shares by the Company to the Vendor on the Completion Date at the Issue Price of HK\$3.25 per Consideration Share.

The Consideration Shares represent (i) approximately 24.48% of the total issued share capital of the Company as at the date of this announcement; (ii) approximately 19.67% of the total issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares; and (iii) approximately 15.73% of the total issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes at the initial principal amount of HK\$364 million. The Consideration Shares will be subject to a 9-months lock up after issue and allotment.



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

The principal terms of the Convertible Notes are summarised below:

Principal amount: HK\$364,000,000 (subject to adjustments)

Maturity date: Third anniversary of the date of issue (the “**Maturity Date**”)

Interest: The Convertible Notes will not bear any interest except the default interest as below:

If the Company defaults in the payment of any sum due and payable under the Convertible Notes, the Company shall pay interest on such sum to the Noteholder from the relevant due date to the date of actual payment in full calculated at the rate of 6 per cent per annum.

Conversion Price: HK\$3.25 per Conversion Share (subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Notes)

Adjustment events: The Conversion Price shall from time to time be adjusted upon occurrences of certain events, including but not limited to the followings:

- (i) consolidation or sub-division or re-classification of Shares or otherwise become of a different nominal amount;
- (ii) issue of Shares by way of capitalisation of profits or reserves;
- (iii) capital distribution or grant to Shareholders rights to acquire for cash assets of the Group;
- (iv) issue of Shares by way of rights or an open offer or issue or grant of options, warrants or other rights to subscribe for or purchase Shares by way of rights or an open offer to all or substantially all holders of Shares as a class;
- (v) issue of securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) by way of rights or an open offer or issue or grant of options, warrants or other rights to subscribe for or purchase securities by way of rights or an open offer to all or substantially all holders of Shares as a class; or
- (vi) issue of Shares or securities convertible to or exchangeable for Shares or issue or grant of options, warrants or other rights to subscribe or purchase Shares at a price per Share which is less than the current market price as defined in the terms and conditions of the Convertible Notes.

- Conversion Shares: On the basis of the initial principal amount of HK\$364,000,000 and the Conversion Price of HK\$3.25, a total of 112,000,000 Conversion Shares will be issued and allotted upon full conversion of the Convertible Notes, which represents:
- (i) approximately 31.16% of the total issued share capital of the Company as at the date of this announcement;
  - (ii) approximately 23.76% of the total issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares upon full conversion of the Convertible Notes; and
  - (iii) approximately 20.02% of the total issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes.
- The Conversion Shares shall be issued and allotted 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 Conversion 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: Commencing from the date of the issuance of the Convertible Notes and to the Maturity Date.
- Redemption: Unless previously converted, redeemed, purchased or cancelled in accordance with the Conditions, 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.
- Lock up: The Conversion Shares will be subject to a 9-months lock up after issue and allotment.
- Transferability: The Convertible Notes or any part(s) thereof may be assigned or transferred at any time, 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.
- The Convertible Notes shall be immediately transferrable after issue.
- Application for listing: No application will be made to the Stock Exchange for listing of the Convertible Notes.
- Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

## **THE ISSUE PRICE AND CONVERSION PRICE**

The Issue Price of the Consideration Shares and the initial Conversion Price of the Convertible Notes are HK\$3.25 per Share.

The Issue Price and the Conversion Price represent:

- (i) a discount of approximately 20.15% to the closing price of HK\$4.07 per Share as quoted on the Stock Exchange on 15th April 2015, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 21.31% to the average closing price of approximately HK\$4.13 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15th April 2015;
- (iii) a discount of approximately 8.96% to the average closing price of approximately HK\$3.57 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15th April 2015;
- (iv) the average closing price of approximately HK\$3.25 per Share as quoted on the Stock Exchange for the last twenty trading days up to and including 15th April 2015;
- (v) a premium of approximately 3.50% over the average closing price of approximately HK\$3.14 per Share as quoted on the Stock Exchange for the last three months up to and including 15th April 2015; and

- (vi) a premium of approximately 983.33% 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 Issue Price and Conversion Price were 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 and Conversion Shares upon conversion of the Convertible Notes will enlarge the equity base of the Company, (ii) the Issue Price and Conversion Price represent a substantial premium over the Company's latest published audited net asset value per Share; and (iii) the recent trading performance of the Shares, the Directors (save as Mr. Chen Ningdi who is required to abstain from voting on the Board resolutions considering and approving the Sale and Purchase Agreement and the transactions contemplated thereunder) consider the Issue Price and the Conversion Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

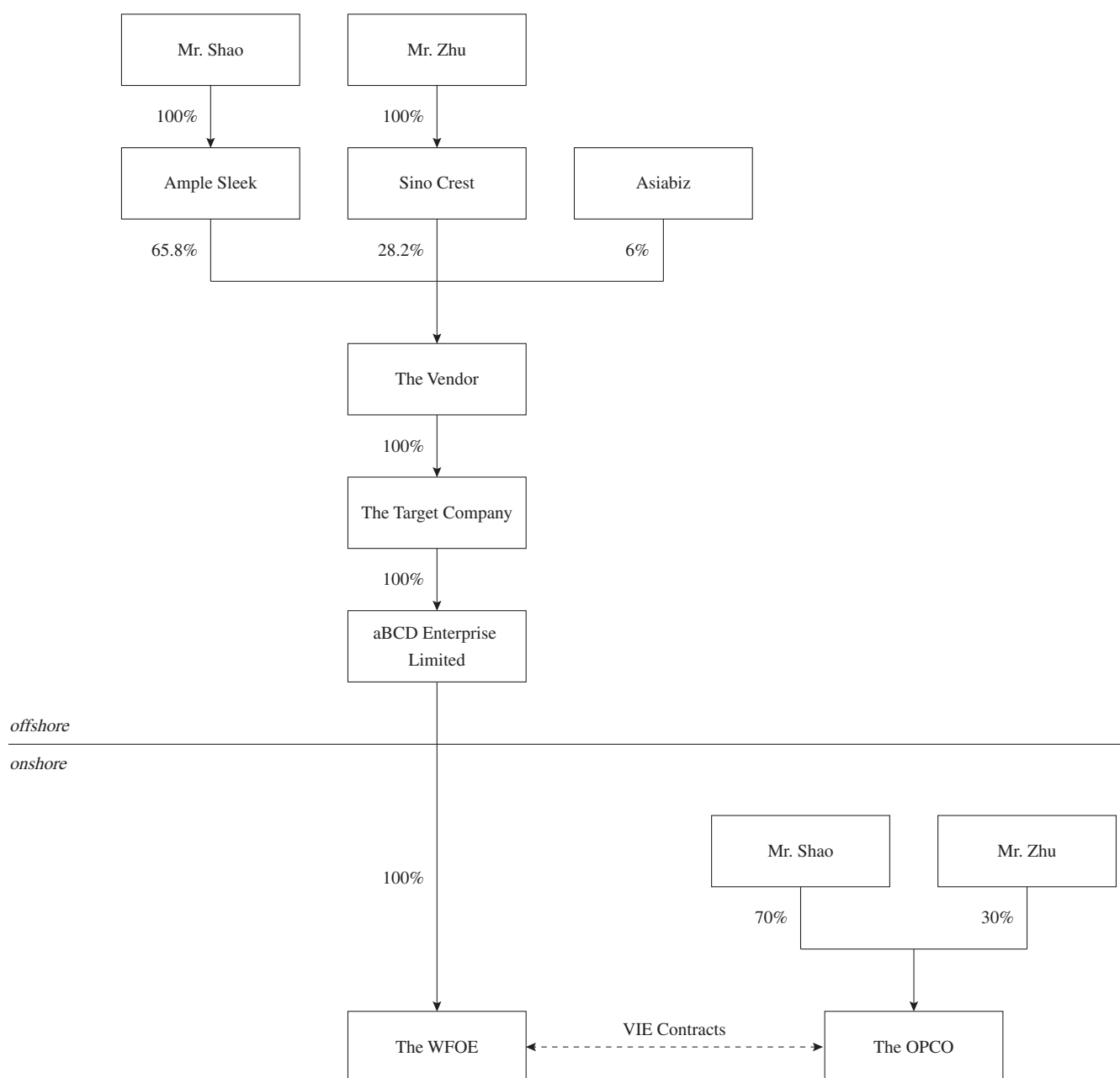
## **INFORMATION OF THE TARGET GROUP**

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

The Target Company is an investment holding company incorporated in British Virgin Islands with limited liability. The entire issued share capital of the Target Company is 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. Ample Sleek and Sino Crest are wholly owned by Mr. Shao and Mr. Zhu, respectively. Over 30% of the issued share capital of Asiabiz is indirectly owned by Mr. Chen Ningdi, a non-executive Director, and his associates 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.

The Target Company currently owns the entire issued share capital of aBCD Enterprise Limited, which is an investment holding company holding the entire registered capital 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 “當天金融在線” ([www.dtd365.com](http://www.dtd365.com)). Pursuant to the VIE Contracts, the WFOE is able to gain control over the financing and business operations of the OPCO, and is entitled to the economic interest and benefits of 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***

Mr. Shao is the Chairman of the OPCO. He has over 10 years of experience in the management of high-tech companies and possesses a high level of knowledge in the PRC Internet finance industry. He possesses extensive channel and personal networking resources. He is also familiar with capital markets, investments and other related financing activities.

### ***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 prior to joining the OPCO. He graduated from Nanjing Artillery Command Institute.

According to the VIE Contracts, some provisions have been made 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***

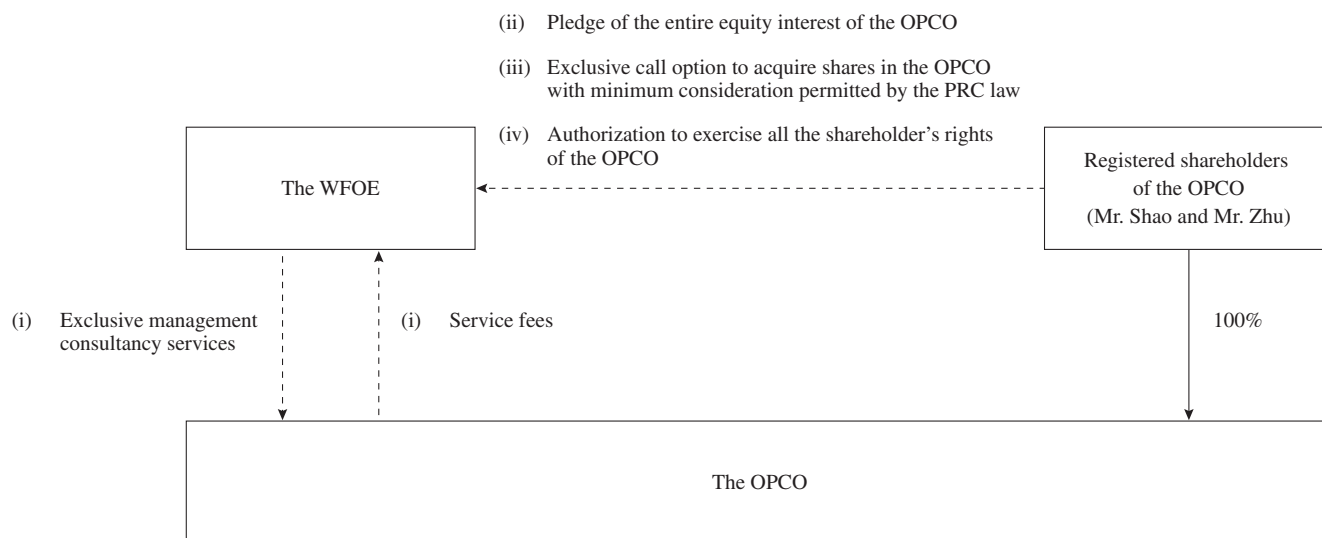
Pursuant to Regulation on Telecommunications of the People's Republic of China (《中華人民共和國電信條例》), Internet information service is categorized as value-added telecommunications business. Foreign investment in value-added telecommunications business is restricted under Catalogue of Industries for Guiding 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 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 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.

## 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: 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.

(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). 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.

Subject: 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.



(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: 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.

(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: 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.

The WFOE 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, and such persons may only take instructions from the WFOE without seeking any prior consent from the OPCO.

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

As advised by the PRC legal adviser, the VIE Contracts do not violate 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 resolution in the VIE Contracts" below). The 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 having jurisdiction for this purpose.

Notwithstanding the inclusion of the above dispute resolution clauses in the VIE Contracts, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to: (i) whether a PRC arbitrator would act and/or rule strictly in accordance with those specified in the arbitration provisions; and (ii) 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 having jurisdiction for the purpose of the arbitration provisions.

### ***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 act (or lack thereof) which may have any adverse effect on the business, operations and asset value of the OPCO, and etc.

In addition to the abovementioned internal control measures as provided in the VIE Contracts, it is the current intention of the Company, following Completion, to implement, through the WFOE, additional internal control measures against the OPCO as appropriate, having regard to the internal control measures adopted by the Group from time to time, 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.

## ***Financial support to the OPCO and potential exposure of the Target Company to losses***

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 and are enforceable under the relevant PRC laws and regulations. The VIE Contracts enable the WFOE to gain control over the financing and business operations of the OPCO, and 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.

### **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”(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 March 2015, the platform had a total of 23,444 registered users, which is approximately 2.8 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 March 2015, 10,776 of the registered users had subscribed for the investment products, which is approximately 20.3 times as compared with 532 investment users as at 31st January 2015.

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

For investment products of 當天安逸, the small-loan companies first enter into creditor's rights transfer agreements with third party asset management companies which purchase the creditors' rights of the loans. The asset management companies pay the transfer price 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.

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 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 are required to be fully secured by credit guarantees from reputable third party guarantee companies.

- (ii) “當天典藏” offers products of pawn-loan creditors' rights held by pawnshops. The investment period of 當天典藏 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 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, the pawnshops first enter into creditor's rights transfer agreements with 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 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.

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 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.

- (iii) “當天臻選” 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. Compared with the two other investment products, the return of 當天臻選 is generally expected to be higher. The investment period of 當天臻選 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 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, 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.

All the investment products of 當天臻選 should comply with the stringent in-house mortgage policy of the OPCO to ensure the loans or investments are sufficiently secured. Besides, the legal representatives of the borrowers or investment targets are required to provide personal guarantee as additional security.

The principal source of revenue of the OPCO is the consulting and management fee collected from the asset management companies or borrowers or investment targets (whenever appropriate depending on the product types). 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 and 當天典藏 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. The OPCO also has stringent selection criteria on the asset management companies as well as the relevant small-loan companies and the pawnshops for risk control purpose. For investment products of 當天臻選, 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.

As an information intermediary, the platform does not hold or handle any funds. 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 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 or information technology industry. 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.



## Financial information of the Target Group

The following table sets out the unaudited consolidated financial information of the Target Company during the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014:

	<b>For the period from 7th May 2014 (the date of incorporation of the OPCO) to 31st December 2014 RMB'000</b>
Loss before taxation	(7,356)
Loss after taxation	(5,538)

As at 31st December 2014, the unaudited consolidated net asset value of the Target Company was approximately RMB74.5 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 reporting accountants 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. Details of the basis of consolidation will be included in the accountants' report of the Target Company in the circular to be despatched to the Shareholders.

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 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 pawnshop business in Shanghai, the PRC. On 3rd March 2015, the Group further acquired a 25% equity interest in a joint venture company engaged in financial leasing service in Shanghai, the PRC.

Since the completion of the acquisition of the pawnshop 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 Sale and Purchase Agreement has in place the Performance Targets covering the period from 1st July 2015 to 31st December 2016 and a corresponding adjustment mechanism on the Consideration to safeguard the interests of the Company;

- the Consideration is to be settled by way of Consideration Shares and Convertible Notes, which will enlarge the equity base of the Company while preserving the Company's liquidity;
- all the Consideration Shares and Conversion Shares will be subject to a 9-months 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 and the initial Conversion Price of the Convertible Notes represent a substantial premium over the latest audited net asset 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 Sale and Purchase Agreement and the transactions contemplated thereunder) 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.

As Mr. Chen Ningdi, a non-executive Director, and his associates indirectly own over 30% of the issued share capital of Asiabiz, he is considered to have material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and accordingly is required to abstain from voting in the Board meeting considering and approving the Sale and Purchase Agreement 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 People's Republic of China (《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 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 the controlling right of the OPCO.

Despite the fact that there is no indication that the VIE Contracts will be interfered or objected by any PRC regulatory authorities, the 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.

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, award 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 is transferred to the WFOE. In general, neither the OPCO nor its shareholders may terminate the contracts within the VIE Contract term. 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. 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 shares 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. If the consideration 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 having jurisdiction for this purpose.

In respect of the dispute resolution clauses as contained in the VIE Contracts, the Company's PRC legal advisor is of the view that upon arbitration, there remains uncertainties as to: (i) whether a PRC arbitrator would act and/or rule strictly in accordance with those specified in the arbitration provisions; and (ii) 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 having jurisdiction for the purpose of the arbitration provisions. As a result, the Target Group's ability to enforce these VIE Contracts may be limited, which may make it difficult to exercise 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 operation 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.

### **The equity pledge against the equity interest of the OPCO under the Equity Pledge Agreement is subject to successful registration with the relevant governmental authority to take effect**

The WFOE, Mr. Shao and Mr. Zhu entered into the Equity Pledge Agreement on 14th April 2015, pursuant to which Mr. Shao and Mr. Zhu 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. Such Equity Pledge Agreement became effective on the date of its execution by all relevant parties (subject to the registration of the pledge in the register of members of the OPCO). However, the effectiveness of the equity pledge under the Equity Pledge Agreement is still subject to the completion of the registration of such equity pledge with the relevant State Administration for Industry and Commerce of the PRC.

As at the date of this announcement, the registration of the equity pledge with the relevant State Administration for Industry and Commerce of the PRC has not yet completed. However, there is no assurance that such registration would be completed as scheduled. The equity pledge is used as security for the payment obligation under the Exclusive Consulting Service Agreement. If such registration is not completed as scheduled and the OPCO defaults on the payment obligation under the Exclusive Consulting Service Agreement, the WFOE may be unable to deal with the pledged equity interest in a manner permitted by the relevant PRC laws which would result in a material adverse effect on the benefits of the WFOE under the VIE Contracts.



## 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; and (iii) immediately upon full conversion of the Convertible Notes with principal amount of HK\$364 million:

	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\$364 million <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>
Directors						
Keenlead Holdings Limited <i>(Note 1)</i>	120,212,256	33.44	120,212,256	26.87	120,212,256	21.49
The Vendor	–	–	88,000,000	19.67	200,000,000	35.75
Public Shareholders	239,234,858	66.56	239,234,858	53.46	239,234,858	42.76
Total	<u>359,447,114</u>	<u>100.00</u>	<u>447,447,114</u>	<u>100.00</u>	<u>559,447,114</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, immediately upon Completion and before full conversion of the Convertible Notes save as the issue and allotment of the Consideration Shares.
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 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.

As the Oriental Credit Convertible Notes are subject to a 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.



## 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 issue and allotment of the Consideration Shares and 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 29th May 2015 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:

“2015 Convertible Note”	Convertible Notes with principal amount of HK\$121,333,333 (subject to adjustment) to be issued by the Company to settle part of the Consideration
“2015 Convertible Note Issue Date”	the 30th calendar day after the issue of the audited consolidated accounts of the Target Group for the 6 months period ending 31st December 2015
“2016 Convertible Note”	Convertible Notes with principal amount of HK\$242,666,667 (subject to adjustment) to be issued by the Company to settle part of the Consideration
“2016 Convertible Note Issue Date”	the 30th calendar day after the issue of the audited consolidated accounts of the Target Group for the financial year ending 31st December 2016
“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Ample Sleek”	Ample Sleek Limited (豐光有限公司), an investment holding company incorporated in the British Virgin Islands with limited liability, holding 65.8% of share capital of the Vendor as at the date of this announcement
“Asiabiz”	Asiabiz Capital Investment Limited, a financial services company incorporated in the Cayman Islands with limited liability, holding 6% of the issued share capital of the Vendor as at the date of this announcement

“Audited Consolidated Net Profit After Tax”	for any financial year means the consolidated net profit after taxation of the Target Group (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
“Bye-Laws”	the bye-laws of the Company
“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 Vendor 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
“Consideration Shares”	the 88,000,000 Shares to be issued and allotted by the Company to the Vendor on the Completion Date at the Issue Price
“Conversion Price”	the conversion price of HK\$3.25 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”	112,000,000 new Shares (subject to adjustments) to be issued and allotted by the Company upon conversion of the Convertible Notes at the Conversion Price based on the initial principal amount of HK\$364 million

“Convertible Notes”	the 2015 Convertible Note and the 2016 Convertible Note, the aggregate principal amount of which is HK\$364 million (subject to adjustments)
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Target Group upon Completion
“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
“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
“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
“Issue Price”	the issue price of HK\$3.25 per Consideration Share
“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
“Mr. Shao” or “Vendor Guarantor”	Mr. Shao Yonghua (邵永華), a registered shareholder of the OPCO who holds 70% shareholding in the OPCO and the ultimate beneficial owner of the shareholder of the Vendor who holds 65.8% shareholding in the Vendor, an Independent Third Party
“Mr. Zhu”	Mr. Zhu Wenjing (朱文靖), a registered shareholder of the OPCO who holds 30% shareholding in the OPCO and the ultimate beneficial owner of the shareholder of the Vendor who holds 28.2% shareholding in the Vendor, an Independent Third Party
“Noteholder”	the person who is for the time being the registered holder of the Convertible Notes
“OPCO”	上海當天金融信息服務有限公司, a limited liability company incorporated in the PRC and is primarily engaged in the operation of an Internet finance platform in the PRC

“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
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15th April 2015 entered into between the Company, the Vendor and the Vendor Guarantor in respect of the Acquisition
“Sale Shares”	100 shares of the Target Company, which represent all the issued and fully paid-up shares of the Target Company
“SFC”	Securities and Futures Commission of Hong Kong
“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 issue and allotment of the Consideration Shares and the Conversion Shares)
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Crest”	Sino Crest Ventures Limited (華峰創投有限公司), an investment holding company incorporated in the British Virgin Islands with limited liability, holding 28.2% of the issued share capital of the Vendor as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Intraday Financial Information Service Limited (當天金融信息服務有限公司), a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries (and, for this purpose, include the OPCO) pursuant to the VIE Contracts
“Trading Day”	a day on which the Shares are traded on the Stock Exchange
“Vendor”	Long Tu Limited (龍圖有限公司), the legal and beneficial owner of the entire issued share capital of the Target Company

- “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 the WFOE, namely:–
- (i) Exclusive Consulting Service Agreement (獨家管理顧問服務協議) dated 14th April 2015 between the WFOE and the OPCO;
  - (ii) Equity Pledge Agreement (股權質押合同) dated 14th April 2015 between Mr. Shao and Mr. Zhu as pledgors in favour of the WFOE as pledgee;
  - (iii) Exclusive Call Option Agreement (獨家購買期權協議) dated 14th April 2015 between the WFOE, Mr. Shao, Mr. Zhu and the OPCO;
  - (iv) Authorization Agreement (授權委託協議) dated 14th April 2015 between the WFOE, Mr. Shao and Mr. Zhu;
- “WFOE” Dingtai Runhe Investment Consulting (Shanghai) Co., Ltd. (鼎泰潤和投資諮詢(上海)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Target Company

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

Hong Kong, 15th April 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. Ching Men Ky Carl, Mr. Jin Bingrong and Mr. Lin Ruei-min as independent non-executive Directors.*