

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



大中華實業控股有限公司*

GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

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

ANNOUNCEMENT

DISCLOSEABLE TRANSACTIONS IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANIES

THE ACQUISITIONS

The Board is pleased to announce that on 1 September 2015, the Purchaser and the Vendor entered into the Acquisition Agreements pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target A and Target B (collectively the “Target Companies”). The consideration for each of Target A and Target B was determined with reference to the respective target’s net asset value (each with its respective cap) plus an agreed premium. Further details of the consideration for the Target Companies are set out under the section headed “The Acquisition Agreements – Consideration” in this announcement. The consideration for the Acquisitions will be settled in cash using the internal resources of the Company.

Acquisition Agreement A and Acquisition Agreement B are NOT conditional upon each other, and either one can, in accordance with the terms of the respective agreement, proceed to completion without regard to the time of completion of the other agreement or having regard the other agreement becoming unconditional or having lapsed or terminated.

Target A is principally engaged in the provision of type 1 (dealing in securities) regulated activities under the SFO in Hong Kong. Target B is principally engaged in the provision of type 9 (asset management) regulated activities under the SFO in Hong Kong.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratios under the Listing Rules exceed 5% but under 25%, the Acquisitions (when aggregated) constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the announcement made by the Company dated 18 August 2015 in connection with the memorandum of understanding on the proposed purchase of certain SFO regulated businesses (the “MOU”).

* For identification purposes only

Further to the MOU, the Board is pleased to announce that on 1 September 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreements pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Companies.

THE ACQUISITION AGREEMENTS

The Acquisition Agreements comprised Acquisition Agreement A in respect of Target A, and Acquisition Agreement B in respect of Target B.

The major terms of the Acquisition Agreements are set out as follows:

Date

1 September 2015 (after trading hours of the Stock Exchange)

Parties

- (1) Purchaser: Sunny Creation Asia Pacific Limited; and
- (2) Vendor: Beta Breakers Holdings Limited.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Vendor is principally engaged in investment holding and the Vendor and its ultimate beneficial owner are Independent Third Parties.

Assets to be acquired

The entire issued share capital (comprising 18,000,000 issued and fully paid up shares) of Target A in respect of Acquisition Agreement A, and the entire issued share capital (comprising 1,000,000 issued and fully paid up shares) of Target B in respect of Acquisition Agreement B.

Consideration

The consideration for each of Target A and Target B was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms, and was determined with reference to the respective target's net asset value (each with its respective cap) plus an agreed premium.

Consideration for Target A

The maximum consideration for Target A (having regard to a cap of HK\$19 million on the net asset value of Target A for the purpose of determining the final consideration) shall be HK\$33.5 million, which shall be settled in the following manner:

- (a) HK\$3.625 million to be paid upon signing of the Acquisition Agreement A by the Purchaser to be held by the Vendor Solicitor in its client account and to be paid to the Vendor upon completion of Acquisition Agreement A or to be refunded to the Purchaser should Acquisition Agreement A be terminated;

- (b) HK\$10.875 million to be paid by the Purchaser to the Vendor upon completion of Acquisition Agreement A;
- (c) an amount equivalent to the unaudited net asset value of Target A (“**Preliminary Target A NAV Consideration**”) as of the month-end immediately preceding the month of completion of Acquisition Agreement A (with a cap of HK\$19 million), which shall be based on the management accounts of Target A of even month-end to be provided to the Purchaser by the Vendor 7 business days before completion of Acquisition Agreement A, to be paid by the Purchaser to the Vendor upon completion of Acquisition Agreement A; and
- (d) the Purchaser will appoint a firm of auditors to perform an audit on the management accounts of Target A to arrive at an audited net asset of Target A as of the date of completion of Acquisition Agreement A, and produce its report within 60 days following completion of Acquisition Agreement A. Any discrepancy between the Preliminary Target A NAV Consideration and the said audited net asset value will be settled by the relevant party thereafter.

It is agreed that in the case where the value of the trading right of Target A has not been reflected in its accounts, a monetary value of HK\$500,000 will be assigned as the value of the trading right of Target A for the purpose of ascertaining the net asset value of Target A. The Vendor has further undertaken to the Purchaser that the net asset value of Target A shall not, at any time from the date of Acquisition Agreement A up to its completion, fall below HK\$15 million.

Consideration for Target B

The maximum consideration for Target B (having regard to a cap of HK\$1 million on the net asset value of Target B for the purpose of determining the final consideration) shall be HK\$7.5 million, which shall be settled in the following manner:

- (a) HK\$1.625 million to be paid upon signing of the Acquisition Agreement B by the Purchaser to be held by the Vendor Solicitor in its client account and to be paid to the Vendor upon completion of Acquisition Agreement B or to be refunded to the Purchaser should Acquisition Agreement B be terminated;
- (b) HK\$4.875 million to be paid by the Purchaser to the Vendor upon completion of Acquisition Agreement A;
- (c) an amount equivalent to the unaudited net asset value of Target B (“**Preliminary Target B NAV Consideration**”) as of the month-end immediately preceding the month of completion of Acquisition Agreement B (with a cap of HK\$1 million), which shall be based on the management accounts of Target B of even month-end to be provided to the Purchaser by the Vendor 7 business days before completion of Acquisition Agreement B, to be paid by the Purchaser to the Vendor upon completion of Acquisition Agreement B; and
- (d) the Purchaser will appoint a firm of auditors to perform an audit on the management accounts of Target B to arrive at an audited net asset of Target B as of the date of completion of Acquisition Agreement B, and produce its report within 60 days following completion of Acquisition Agreement B. Any discrepancy between the Preliminary Target B NAV Consideration and the said audited net asset value will be settled by the relevant party thereafter.

The aggregate consideration for the Target Companies will be settled in cash using the internal resources of the Company. The Directors consider the terms and conditions of the Acquisition Agreements have been arrived at after arm's length negotiations between the Purchaser and the Vendor, having referenced to market premiums placed for similar securities companies in Hong Kong recently transacted and the respective net asset value of Target A and Target B, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The conditions precedent for Acquisition Agreement A and Acquisition Agreement B are the same except for references to the identity and related matters associated with the respective target company as indicated below, and each of Acquisition Agreement A and Acquisition Agreement B are conditional upon the followings:

- (1) the approval from the SFC in relation to the change of substantial shareholder (as defined in the SFO) of the Target A/Target B having been obtained;
- (2) all necessary consent or approval (if required) required from the relevant governmental or regulatory authorities or other third parties in connection with Acquisition Agreement A/Acquisition Agreement B and the respective transactions contemplated thereunder having been obtained by the Vendor;
- (3) the Purchaser and the Target Companies having obtained approval from their respective board of directors for the consummation of the respective transactions contemplated under Acquisition Agreement A/Acquisition Agreement B;
- (4) the Vendor agreeing to appoint a minimum of one licensed representative designated by the Purchaser for Target A/Target B;
- (5) the Purchaser being satisfied with the results of the due diligence review to be conducted on Target A/Target B, which are to be completed by the Purchaser within seven business days after signing of Acquisition Agreement A/Acquisition Agreement B;
- (6) all representations and warranties given by the Vendor remained true and accurate;
- (7) at any time prior to completion of Acquisition Agreement A/Acquisition Agreement B, there being no:
 - adverse material change on the business, assets, financial status and operations of Target A/Target B;
 - investigation by any authority (including but not limited to the SFC) against Target A/Target B;
 - ongoing, pending or threatened investigation, litigation, arbitration, accusation or any other legal proceedings which in the reasonable opinion of the Purchaser is of a material nature;
 - laws, regulations, orders, judgments, notices or rulings from any authority prohibiting, restricting or materially delaying the consummation of the transactions contemplated under Acquisition Agreement A/Acquisition Agreement B;

- event having occurred or foreseen which would result in the requisite SFC license(s) of Target A/Target B being withdrawn, suspended or terminated;
- (8) responsible officers of the Target A/Target B having executed employment letters agreeing to stay under the employment of Target A/Target B for at least 12 months after the completion of Acquisition Agreement A/Acquisition Agreement B;
- (9) for Target A, the Type 1 (dealing in securities) license held by it, and for Target B, the Type 9 (asset management) license held by it, having remained valid and in full force and effect and not revoked, cancelled or suspended by relevant organization;
- (10) Target A/Target B having a positive net asset value as at the completion date of the respective acquisition agreement; and
- (11) Target A/Target B to maintain sufficient cash to settle any outstanding amount payable to their respective customers.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions as set out above. For the avoidance of doubt, the Purchaser shall use its best endeavours, as assisted by the Vendor, to apply for, secure and obtain the approval from SFC in relation to its becoming a substantial shareholder (as defined in the SFO) of each of Target A and Target B.

If the above conditions have not been fulfilled (or as the case may be, waived by the Purchaser) on or before the Long Stop Date (or such extended date as provided below) for Acquisition Agreement A/Acquisition Agreement B, the relevant acquisition agreement shall cease and determine and thereafter neither party to the relevant acquisition agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof, except that:

- if Acquisition Agreement A/Acquisition Agreement B does not become unconditional and is terminated for any reason caused by the Vendor, the Purchaser has the right to demand full refund of the related first payment (being held by the Vendor Solicitor in a client account) and a penalty equivalent to the amount of the related first payment and, in respect of Target A, return of the New Business Profits (if any, to be defined under the paragraph headed “Additional business arrangement under Acquisition Agreement A” below) for the account of the Purchaser, to be paid by the Vendor to the Purchaser within 3 business days after the Long-stop Date;
- if Acquisition Agreement A/Acquisition Agreement B does not become unconditional and is terminated for any reason caused by the Purchaser, the Vendor has the right to forfeit the related first payment (being held by the Vendor Solicitor in a client account) and keep for its own account, but the Purchaser has the right to require the Vendor to return the New Business Profits in respect of Target A (if any) for the account of the Purchaser;
- if Acquisition Agreement A/Acquisition Agreement B does not become unconditional and is terminated for any reason NOT caused by either the Vendor or the Purchaser, the Vendor shall unconditional refund the full amount of the related first payment to the Purchaser, and either party shall have any claim against the other party. Alternatively the Long Stop Date may be extended for an additional six months provided that the Purchaser shall pay to the Vendor an interest charge at a rate of 5% per annum on the remaining balance of the requisite consideration.

In any event, if Acquisition Agreement A does not become conditional and is terminated, the Purchaser has the right to require the Vendor to return the New Business Profits (if any) for the account of the Purchaser.

Completion

Completion of Acquisition Agreement A and Acquisition Agreement B is each conditional upon and subject to fulfilment or (if applicable) waiver of all their respective conditions and will take place within ten business days after their respective conditions precedent are fulfilled (or such other day as shall be agreed in writing between the parties to the Acquisition Agreements).

Acquisition Agreement A and Acquisition Agreement B are NOT conditional upon each other, and either one can, in accordance with the terms of the respective agreement, proceed to completion without regard to the time of completion of the other or having regard the other agreement becoming unconditional or having lapsed or terminated.

Immediately after completion of Acquisition Agreement A, Target A will become a wholly-owned subsidiary of the Company and the results of Target A will be consolidated into the financial statements of the Group. Similarly, immediately after completion of the Acquisition Agreement B, Target B will become a wholly-owned subsidiary of the Company and the results of Target B will be consolidated into the financial statements of the Group.

Additional business arrangement under Acquisition Agreement A

The Vendor and the Purchaser further agreed under Acquisition Agreement A that during the period from the date of Acquisition Agreement A up to its completion, Target A shall be entitled to a brokerage commission of 0.05% for handling orders placed by customers introduced to it by the Purchaser. Such new customers introduced by the Purchaser can only trade on cash transactions but not margin transactions. Further, Target A shall have the right to refuse any new customer introduced by the Purchase if Target A considers the acceptance of such new customer would have a material adverse impact on Target A.

Any profit arising from such new customers on top of the 0.05% fixed brokerage commission entitled by Target A during the period from the date of Acquisition Agreement A up to its completion shall be for the account of the Purchaser (“**New Business Profits**”) and excluded from the net asset value of Target A for the purpose of ascertaining the consideration for Target A.

INFORMATION OF THE TARGET COMPANIES

As at the date of this announcement, the Target Companies were 100% owned by the Vendor. Target A is principally engaged in the provision of type 1 (dealing in securities) regulated activities under the SFO in Hong Kong and Target B is principally engaged in the provision of type 9 (asset management) regulated activities under the SFO in Hong Kong.

Financial information of Target A

Set out below is a summary of the key financial data of Target A extracted from the audited financial statements of Target A for the two years ended 31 December 2013 and 31 December 2014 as provided by the Vendor:

	For the year ended 31 December 2013	For the year ended 31 December 2014
	<i>HK\$</i>	<i>HK\$</i>
Revenue	6,860,139	4,190,568
Profit/(Loss) before taxation	3,284,348	(1,251,205)
Profit/(Loss) for the year	3,228,057	(1,251,205)
Net assets	17,769,385	16,518,180

Financial information of Target B

Set out below is a summary of the key financial data of Target B extracted from the audited financial statements of Target B for the two years ended 31 December 2013 and 31 December 2014 as provided by the Vendor:

	For the year ended 31 December 2013	For the year ended 31 December 2014
	<i>HK\$</i>	<i>HK\$</i>
Revenue	58,118	72,126
Profit before taxation	21,602	45,505
Profit for the year	21,166	43,210
Net assets	916,701	959,911

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in (i) investment holding; (ii) industrial property development; (iii) general trading including trading of metal materials; and (iv) pawnshop business in Shanghai, the PRC.

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its revenue source by investing in businesses with growth potential and broaden its source of income. As stated in the Group's annual report for the year ended 31 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. So far the Group has completed a number of acquisitions which the Directors consider have facilitated the Group to expand its business reach into the quasi-financial sector in the PRC. Given Hong Kong's leading role as a global financial center, the Directors are of the view that the Acquisitions will provide a prime opportunity for the Group to enter into the securities and asset management market in Hong Kong which, going forward, is expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

The Directors are of the view that the terms and conditions of the Acquisition Agreements are fair and reasonable and the Acquisitions are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules exceed 5% but under 25%, the Acquisitions (when aggregated) constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisitions”	collectively, the acquisition of Target A and Target B under the Acquisition Agreements
“Acquisition Agreement A”	the sale and purchase agreement dated 1 September 2015 and entered into between the Purchaser and the Vendor in relation to Sale Shares A
“Acquisition Agreement B”	the sale and purchase agreement dated 1 September 2015 and entered into between the Purchaser and the Vendor in relation to Sale Shares B
“Acquisition Agreements”	collectively Acquisition Agreement A and Acquisition Agreement B
“Board”	the board of Directors
“business day(s)”	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout the normal working hours
“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)
“Directors”	directors of the Company
“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”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling on 31 May 2016
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement
“Purchaser”	Sunny Creation Asia Pacific Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	collectively, Sale Shares A and Sale Shares B
“Sale Shares A”	the 18,000,000 issued and fully paid up shares of the Target A, legally and beneficially owned by the Vendor which represent the entire issued and fully paid-up share capital of the Target A
“Sale Shares B”	the 1,000,000 issued and fully paid up shares of the Target B, legally and beneficially owned by the Vendor which represent the entire issued and fully paid-up share capital of the Target B
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.005 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target A”	Prominence Financials Limited, a limited liability company incorporated in Hong Kong and licensed for conducting Type 1 (dealing in securities) regulated activities under the SFO in Hong Kong, the entire issued share capital of which is owned by the Vendor

“Target B”	Prominence Asset Management Limited, a limited liability company incorporated in Hong Kong and licensed for conducting Type 9 (asset management) regulated activities under the SFO in Hong Kong, the entire issued share capital of which is owned by the Vendor
“Target Companies”	collectively, Target A and Target B
“Vendor”	Beta Breakers Holdings Limited
“Vendor Solicitor”	the solicitor representing the Vendor
“%”	per cent.

By order of the Board
Greater China Holdings Limited
Shao Yonghua
Chairperson

Hong Kong, 1 September 2015

As at the date of this announcement, the Board comprises Mr. Shao Yonghua, Mr. Chen Ningdi and Ms. Chan Siu Mun as executive Directors, Ms. Ma Xiaoling and Mr. Joseph Shie Jay Lang as non-executive Directors; and Mr. Jin Bingrong, Mr. Lin Ruei-min and Mr. Kwan Kei Chor as independent non-executive Directors.