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**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
RESUMPTION OF TRADING**

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

The Board announced that on 11 March 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its placing agent to procure not less than six Placee(s) who are Independent Third Parties to subscribe up to 485,153,000 Placing Shares at HK\$0.70 to HK\$0.90 per Placing Share on a best effort basis, during the Placing Period, on the terms and subject to the condition of the Placing Agreement.

The maximum number of 485,153,000 Placing Shares represents (i) approximately 14.99% of the existing issued share capital of the Company of 3,234,353,355 Shares as at the date of this announcement; and (ii) approximately 13.04% of the issued share capital of the Company of 3,719,506,355 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares shall be allotted and issued under the Specific Mandate. The Company will seek the grant of the Specific Mandate at the SGM.

GENERAL

The SGM will be convened and held to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares.

A circular containing, among other things, further details relating to the Placing and the notice of SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As completion of the Placing is subject to the fulfillment of the conditions precedent in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 11 March 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2016.

THE PLACING AGREEMENT

Date: 11 March 2016 (after trading hours)

Parties

- (i) Issuer: The Company
- (ii) Placing Agent: Orient Securities (Hong Kong) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Principle terms of the Placing Agreement

Placing Shares: up to 485,153,000 Placing Shares, representing (i) approximately 14.99% of the existing issued share capital of the Company and (ii) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Agent has conditionally agreed to place a maximum of 485,153,000 Placing Shares at the Placing Price on a best effort basis during the Placing Period.

The Placing Shares shall be allotted and issued under the Specific Mandate. The Company will seek the Specific Mandate at the SGM.

Placing Price: The price range of HK\$0.70 to HK\$0.90 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The minimum Placing Price of HK\$0.70 represents:

- (a) a premium of approximately 22.81% over the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on 10 March 2016, being the Last Trading Day; and
- (b) a discount of approximately 25.37% to the average closing price of approximately HK\$0.938 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing are estimated to be approximately HK\$380 million (assuming the Placing Price of HK\$0.80 per Placing Share which is the mid-point of the price range and the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.78.

Placing Commission:	The Placing Agent will receive a placing commission of 2.0% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.
Placees:	The Placing Shares are expected to be placed by the Placing Agent to not less than six subscribers who are Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.
Ranking of the Placing Shares:	The Placing Shares, when issued, will be fully paid up and will rank pari passu in all respects with other Shares in issue at the date of allotment and issue of the Placing Shares and the Placing Shares, when issued, will be free from all liens, charges, encumbrances, together with all rights attaching thereto as at the date of allotment and issue of the Placing Shares.
Conditions:	<p>Completion of the Placing Agreement is conditional upon</p> <ul style="list-style-type: none"> (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in, the Placing Shares; (b) the passing of the resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares at the SGM; and (c) the Bermuda Monetary Authority and other governmental or regulatory authority granting approval for the issue and allotment of the Placing Shares by the Company pursuant to the Placing (if required). <p>The conditions above cannot be waived by any party of the Placing Agreement. Each of the Company and the Placing Agent shall use their respective reasonable endeavours to procure the satisfaction of the conditions set out above, but if the conditions have not been satisfied on or prior to 11 June 2016 or such later date as may be agreed, the Placing Agreement shall terminate and in which case, the effect of termination under the Placing Agreement shall apply.</p>
Completion:	Completion is expected to take place on the third Business Day after fulfilment of the conditions precedent or such other date as the Company and the Placing Agent may agree in writing.
Application for listing:	Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

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 the Placing offers a good opportunity to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. The Directors consider that the terms of Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

It is expected that the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) are estimated to be approximately HK\$380 million (assuming the Placing Price of HK\$0.80 per Placing Share which is the mid-point of the price range and the Placing Shares are fully placed). The Company intends to apply (i) approximately HK\$250 million of the net proceeds from the Placing as capital contribution for the formation of a private investment fund to be managed by the Group; (ii) approximately HK\$80 million for the development of financial services related business of the Group or other investment opportunities to further develop the business of the Group; and (iii) approximately HK\$50 million as general working capital of the Group. As at the date of this announcement, the Company has not entered into any legally binding agreements in relation to any investments, however, the additional capital on hand will facilitate the efficient execution of such potential investment projects, if any.

FUND RAISING DURING THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the date of this announcement.

Date of announcement	Event	Net Proceeds	Intended use of proceeds	Actual use of proceeds
1 October 2015	Rights issue on the basis of one (1) rights share for every two (2) Shares in issue and held on the record date at HK\$2.2 per rights share	HK\$464.4 million	It was intended to apply the net proceeds from the rights issue as to: (i) approximately HK\$100.0 million to expand the scale and scope of the businesses of the Type 1 company and the Type 9 company; (ii) approximately HK\$100.0 million for the development of the money lending business in Hong Kong; (iii) approximately HK\$30.0 million for the development of other financial services related businesses in Hong Kong; (iv) approximately HK\$150.0 million for further investment in the financial leasing company and/or other medium to long term investments; (v) approximately HK\$50.0 million for repayment of bank loans; and (vi) the balance of approximately HK\$34.4 million for general working capital of the Group.	(i) approximately HK\$100 million will be used to expand the scale and scope of the businesses of the Type 1 company and the Type 9 company given the completion of the acquisition of the Type 1 company and the Type 9 company only took place in March 2016; (ii) approximately HK\$85 million has been utilized for money lending business; (iii) approximately HK\$4 million has been utilized for acquisition and development of insurance brokerage business; (iv) approximately HK\$140 million has been utilized for investment in securities for medium to long term purpose; (v) approximately HK\$50 million will be used for repayment of bank loans (vi) approximately HK\$15 million has been utilized as general working capital; and (vii) the other remaining unutilized balance of HK\$70.4 million is in the bank account of the Company and will be used as intended.

EFFECT ON SHAREHOLDING OF THE PLACING

The shareholding structure of the Company before and after Completion, are as follows:

	As at the date of this announcement		Immediately after Completion (Note 3)	
	No. of Shares	Approximate per cent.	No. of Shares	Approximate per cent.
Long Tu Limited (Note 1)	538,500,000	16.65%	538,500,000	14.48%
Keenlead Holdings Limited (Note 2)	201,061,280	6.22%	201,061,280	5.41%
Grand Wealth Asia Pacific Limited	292,072,235	9.03%	292,072,235	7.85%
Public Shareholders:				
Placees	–	–	485,153,000	13.04%
Other public Shareholders	2,202,719,840	68.10%	2,202,719,840	59.22%
Total	<u>3,234,353,355</u>	<u>100.00</u>	<u>3,719,506,355</u>	<u>100.00</u>

Notes:

- 65.8%, 28.2% and 6.0% of the issued share capital of Long Tu is owned by Ample Sleek Limited (“Ample Sleek”), Sino Crest Ventures Limited (“Sino Crest”) and Asiabiz Capital Investment Limited, respectively. Ample Sleek is wholly owned by Mr. Shao Yonghua, an executive Director and the chairman of the Company while over 30% of the issued share capital of Asiabiz Capital Investment Limited is indirectly owned by Mr. Chen Ningdi, an executive Director and the chief executive officer of the Company, and his associates.
- The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma Xiaoling, a non-executive Director.
- Assuming no other issue of new Shares and no repurchase of existing Shares before Completion, and the Placing Agent has placed a total of 485,153,000 Placing Shares to not less than six independent Placees.

GENERAL

The SGM will be convened and held to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares.

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DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Company”	Greater China Financial 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 Placing
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	Party(ies) who is/are independent of and (i) not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective close associates (within the meaning of the Listing Rules) or any person deemed to be connected by the Stock Exchange; and (ii) is not acting in concert (within the meaning of the Takeovers Code) with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective close associates (within the meaning of the Listing Rules) or any person deemed to be connected by the Stock Exchange

“Last Trading Day”	10 March 2016, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any investor who is either an individual, professional or an institutional investor and is an Independent Third Party, to be procured by or on behalf of the Placing Agent in compliance with the Placing Guidelines for Equity Securities under Appendix 6 of the Listing Rules to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations thereunder
“Placing”	the offer by way of private placing by or on behalf of the Placing Agent to the Placees to subscribe for, or failing which the Placing Agent itself to subscribe for on its own account, the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Orient Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 11 March 2016 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing immediately after the date of the Placing Agreement and expiring at 5:00 p.m. on the day of SGM (or such later time and date as the parties may agree in writing)
“Placing Price”	HK\$0.70 to HK\$0.90 per Placing Share
“Placing Share(s)”	up to an aggregate of 485,153,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to pass the requisite resolution(s) to approve, among other things, the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares
“Share(s)”	share(s) of HK\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)

“Specific Mandate”	the specific mandate to be sought by the Board at the SGM for the allotment and issue of up to 485,153,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Greater China Financial Holdings Limited
Shao Yonghua
Chairman

Hong Kong, 11 March 2016

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. Kwan Kei Chor and Dr. Rui Mingjie as independent non-executive Directors.