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**WELL UP (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*



**PING AN SECURITIES GROUP  
(HOLDINGS) LIMITED**

**平安證券集團(控股)有限公司**

*(Carrying on business in Hong Kong as  
PAN Securities Group Limited)*  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 231)



**JOINT ANNOUNCEMENT**

- (1) ISSUANCE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE;**
- (2) SALE AND PURCHASE OF SHARES IN PING AN SECURITIES GROUP (HOLDINGS) LIMITED BY WELL UP (HONG KONG) LIMITED;**
- (3) POSSIBLE CONDITIONAL MANDATORY GENERAL CASH OFFERS BY CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED AND HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES AND ALL OUTSTANDING CONVERTIBLE BONDS OF PING AN SECURITIES GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY ACQUIRED BY OR AGREED TO BE ACQUIRED BY THE OFFEROR AND ITS CONCERTED PARTIES); AND**
- (4) DISCLOSEABLE TRANSACTIONS FOR CREDIT CHINA FINTECH HOLDINGS LIMITED AND HONGDA FINANCIAL HOLDING LIMITED IN RELATION TO**
  - (A) THE ACQUISITION OF THE ISSUED SHARE CAPITAL OF PING AN SECURITIES GROUP (HOLDINGS) LIMITED AND**
  - (B) PROVISION OF FINANCIAL ASSISTANCE**

**Joint Financial Advisers to Well Up (Hong Kong) Limited**



## **THE NEW CB SUBSCRIPTION AGREEMENT**

On 20 January 2017 (after trading hours), the Company and Topsource entered into the New CB Subscription Agreement whereby Topsource has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the New Convertible Bonds for the aggregate principal amount of HK\$200 million pursuant to the terms and conditions set out therein.

As at the date of this joint announcement, the Company had a total of 18,895,052,012 Shares in issue. Upon exercise of the conversion rights attaching to the New Convertible Bonds in full and assuming no adjustment of the initial exercise price and no allotment and issuance of shares upon exercise of conversion rights attached to the Existing Convertible Bonds, a total of approximately 2,083,333,333 Conversion Shares will be allotted and issued, which represent (i) approximately 11.03% of the entire issued share capital of the Company as at the date of this joint announcement, and (ii) approximately 9.93% of the issued share capital as enlarged by the issue of the Conversion Shares in full.

The Conversion Shares will be issued pursuant to the General Mandate or a refreshed general mandate and the proceeds from the New CB Subscription Agreement will be used for full redemption of the 2017 Convertible Bonds and/or to increase the working capital of the securities business of the Group.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

No listing of the New Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

## **THE SHARE SALE AND PURCHASE AGREEMENT**

On the same date as the New CB Subscription Agreement, the Company was informed by the Sellers that on 20 January 2017 (after trading hours), the Offeror entered into the Share Sale and Purchase Agreement with the Sellers, the Guarantor and the Buyer's Guarantor, pursuant to which the Offeror conditionally agreed to purchase, and the Sellers conditionally agreed to sell the Sale Shares, being an aggregate of 6,911,498,463 Shares, representing approximately 36.58% of the entire issued share capital of the Company at the date of this joint announcement, for a total consideration of HK\$663,503,852 (equivalent to HK\$0.096 per Sale Share) in cash, which was agreed between the Offeror and the Sellers after arm's length negotiations with reference to, among other things, (i) the price performance of the Shares prior to the Last Trading Day; (ii) the latest published consolidated net asset value per Share of the Company; and (iii) the financial performance of the Group.

Completion is to take place on the seventh day after the last of the conditions is fulfilled (or otherwise waived) or any other date mutually agreed between the Sellers and the Offeror. Immediately after Completion, Mr. Cheung will be interested in the 2020 Convertible Bonds in the principal amount of HK\$25,000,000 convertible into 125,000,000 Shares at the conversion price of HK\$0.20 and the 2017 March Convertible Bonds in the principal amount of HK\$48,900,000. Save as disclosed, the Sellers will not hold any interest in the Company.

### **POSSIBLE CONDITIONAL MANDATORY GENERAL CASH OFFERS**

As at the date of this joint announcement, the Offeror and its Concerted Parties did not have control or direction over any Shares, options, derivatives, warrants or securities which are convertible into or exchangeable for securities of the Company or any other interests in the issued share capital or voting rights of the Company. Upon Completion, the Offeror and its Concerted Parties will be interested in a total of 6,911,498,463 Shares, representing approximately 36.58% of the entire issued share capital of the Company and the New Convertible Bonds with an aggregate amount of HK\$200 million. Pursuant to Rule 26.1 of the Code, the Offeror will be required to make a conditional mandatory general cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concerted Parties at the time when the Share Offer is made) (assuming no further Shares are issued or repurchased by the Company up to the Offers Closing Date, whether pursuant to the exercise of the conversion rights attaching to the Convertible Bonds or otherwise). The Offeror will also be required to make the Convertible Bonds Offers pursuant to Rule 13 of the Code.

The Offers are conditional on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and its Concerted Parties holding more than 50% of the voting rights in the Company.

The Offers will be made by China Galaxy and Haitong International Securities on behalf of the Offeror, on the following basis:

#### **The Share Offer**

For each Share . . . . . HK\$0.096 in cash

The Share Offer Price is the same as the price per Share paid by the Offeror under the Share Sale and Purchase Agreement which was arrived at after arm's length negotiation between the Offeror and the Sellers.

The Share Offer will be extended to all Shareholders other than the Offeror and its Concerted Parties in accordance with the Code. The Shares to be acquired under the Share Offer shall be acquired free from any Encumbrance and with all rights, including dividend rights, attached or accruing to them on and from the date of the Composite Document.

**The 2020 Convertible Bonds Offer**

For every HK\$5,000,000 face value of the outstanding  
2020 Convertible Bonds . . . . . HK\$2,400,000 in cash

As at the date of this joint announcement, the Company had outstanding 2020 Convertible Bonds in the aggregate principal amount of HK\$100,000,000 convertible into 500,000,000 new Shares.

The 2020 Convertible Bonds Offer will apply to all outstanding 2020 Convertible Bonds in issue on the date on which the 2020 Convertible Bonds Offer is made and will not apply to any Convertible Bonds which are or have been redeemed or converted into Shares prior to the Offers Closing Date.

The offer price for the 2020 Convertible Bonds Offer is determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for the 2020 Convertible Bonds being the maximum number of Shares which the outstanding principal amount of the 2020 Convertible Bonds can be converted into (being approximately 500,000,000 Shares) multiplied by the Share Offer Price (of HK\$0.096 per Share), thus valuing the total 2020 Convertible Bonds Offer at approximately HK\$48,000,000.

**The 2017 Convertible Bonds Offer**

For every HK\$100,000 face value of the outstanding  
2017 Convertible Bond . . . . . HK\$58,895.7 in cash

As at the date of this joint announcement, the Company had outstanding 2017 Convertible Bonds with an aggregate amount of HK\$157.7 million convertible into 967,484,661 new Shares.

The Convertible Bonds Offer will apply to all outstanding 2017 Convertible Bonds in issue on the date on which the 2017 Convertible Bonds Offer is made and will not apply to any 2017 Convertible Bonds which are or have been redeemed or converted into Shares prior to the Offers Closing Date.

The offer price for the 2017 Convertible Bonds Offer is determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for the 2017 Convertible Bonds being the maximum number of Shares which the outstanding principal amount of the 2017 Convertible Bonds can be converted into (being approximately 967,484,661 Shares) multiplied by the Share Offer Price (of HK\$0.096 per Share), thus valuing the total 2017 Convertible Bonds Offer at approximately HK\$92,878,528.

For the avoidance of doubt, the Convertible Bond Offers will not be extended to Topsource, being the holder of the New Convertible Bonds who has irrevocably undertaken that it will not, whether directly or indirectly, at any time during the period from the date of this joint announcement until the earlier of the termination of the Share Sale and Purchase Agreement or the Offers Closing Date, save for the subscription of the New Convertible Bonds, dispose of, transfer or otherwise deal in, any of the New Convertible Bonds, exercise any conversion rights attaching to the New Convertible Bonds or otherwise convert any part or the whole of the New Convertible Bonds into Conversion Shares, or accept any general offer which will be made by the Offeror with respect to the New Convertible Bonds.

### **Financing of the Offers**

Assuming the Offers are accepted in full on the basis that (i) none of the conversion rights attaching to the outstanding 2020 Convertible Bonds or the outstanding 2017 Convertible Bonds is exercised prior to the Offers Closing Date; and (ii) there is no change in the issued share capital of the Company up to the Offers Closing Date, a total of 11,983,553,549 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concerted Parties) will be subject to the Share Offer and the cash consideration payable by the Offeror under the Share Offer would be approximately HK\$1,150,421,141 and the cash consideration payable by the Offeror under the Convertible Bonds Offers would amount to approximately HK\$140,878,528. The total cash consideration payable by the Offeror under the Offers would be approximately HK\$1,291,299,669.

Assuming that (i) all of the conversion rights attaching to the outstanding 2020 Convertible Bonds and the outstanding 2017 Convertible Bonds are exercised in full prior to the Offers Closing Date; and (ii) there is no other change in the issued share capital of the Company up to the Offers Closing Date, a total of 13,451,038,211 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concerted Parties, including the 1,467,484,661 new Shares to be allotted and issued pursuant to the exercise in full of the conversion rights attaching to the Existing Convertible Bonds), the cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$1,291,299,669.

The funds required by the Offeror to satisfy the consideration payable by the Offeror for the acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement and the consideration payable under the Offers will be financed from its own internal resources and the Haitong Facility. China Galaxy and Haitong International Capital have been appointed as the Joint Financial Advisers to the Offeror in respect of the Offers and are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable for the acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement and the consideration payable for full acceptance of the Offers.

## **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends for the Company to maintain the listing status of the Shares on the Main Board of the Stock Exchange after the Offers Closing Date.

## **GENERAL**

### **Composite Document**

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document. Pursuant to the Code, the Composite Document containing, amongst other things, (i) further details of the Offers; (ii) the recommendation from the Independent Board Committee in respect of the Offers; (iii) the letter from the Independent Financial Adviser in respect of the Offers; and (iv) the forms of acceptance, shall be despatched to the Shareholders and the Convertible Bondholders within 21 days of the date of this joint announcement. As the Conditions to Completion cannot be satisfied or waived (where applicable) within 21 days of the date of this joint announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Code for an extension of time for despatching the Composite Document to any time within 7 days of Completion. An expected timetable in relation to the Offers will be included in the Composite Document.

Further announcement will be made when the Composite Document together with the relevant forms of acceptance and transfer are despatched.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been established for the purpose of making a recommendation to the Independent Shareholders and the Convertible Bondholders as to whether the Offers are fair and reasonable and as to acceptance.

The Independent Board Committee comprises all the independent non-executive Directors, namely, Dr. Dong Ansheng, Mr. Wong Yee Shuen, Wilson and Mr. Tsang Wah Kwong. Save that Mr. Wong Yee Shuen, Wilson holds the 2017 March Convertible Bonds in the principal amount of HK\$1,000,000 convertible into 6,134,969 Shares, representing approximately 0.03% of the entire issued share capital of the Company as at the date of this joint announcement, no other member of the Independent Board Committee has any direct or indirect interest in the Offers.

The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee in relation to the terms of the Offers. Such appointment is expected to be made shortly after this joint announcement and will be subject to the approval of the Independent Board Committee. The advice of the Independent Financial Adviser will be contained in the Composite Document.

#### **DISCLOSEABLE TRANSACTIONS FOR CREDIT CHINA FINTECH AND HONGDA FINANCIAL AND THE LISTING RULES/THE GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for each of Credit China FinTech and HongDa Financial in respect of acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement are more than 5% but less than 25%, the acquisition by Well Up (Hong Kong) Limited constitutes a discloseable transaction for both Credit China FinTech and HongDa Financial. Accordingly, each of Credit China FinTech and HongDa Financial is subject to the reporting and the GEM Listing Rules or, as the case may be; the announcement requirements in respect of the acquisition of the Sale Shares under the Listing Rules.

As the applicable percentage ratios for each of Credit China FinTech and HongDa Financial in respect of the provision of the Several Corporate Guarantee in respect of the liabilities of the Offeror under the Haitong Facility are more than 5% but less than 25%, the provision of such Several Corporate Guarantee by Credit China FinTech and HongDa Financial constitutes a discloseable transaction for both Credit China FinTech and HongDa Financial. Accordingly, Credit China FinTech is subject to the reporting and announcement requirements in respect of the provision of the Several Corporate Guarantee under the GEM Listing Rules while HongDa Financial is subject to the reporting and announcement requirements in respect of the provision of the Several Corporate Guarantee under the Listing Rules.

#### **IMPLICATIONS UNDER RULE 4 OF THE CODE**

If the proposed purchase of the Sale Shares pursuant to the Share Sale and Purchase Agreement materialises, upon Completion, the Offeror and its Concerted Parties will incur an obligation to make a mandatory conditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its Concerted Parties at the time when the Share Offer is made) under Rule 26.1 of the Code.

As the New CB Subscription Agreement was entered into during the offer period, pursuant to Rule 4 of the Code, it is considered a frustrating action and is subject to Shareholders' approval in general meeting.

The Offeror has consented in writing to the entering into of the New CB Subscription Agreement and the Company has applied for and obtained the waiver from the Executive from the requirement for the Company to obtain Shareholders' approval for the entering into of the New CB Subscription Agreement in general meeting of the Company pursuant to Note 1 to Rule 4 of the Code.

**WARNING: THE OFFERS ARE CONDITIONAL. THE OFFERS WILL ONLY BE MADE IF COMPLETION TAKES PLACE. PLUS, IF THE TOTAL NUMBER OF SHARES IN RESPECT OF WHICH THE OFFEROR RECEIVES, AT OR BEFORE 4:00 P.M. ON THE OFFERS CLOSING DATE (OR SUCH OTHER TIME AS THE OFFEROR MAY, SUBJECT TO THE CODE, DECIDE AND THE EXECUTIVE MAY APPROVE), VALID ACCEPTANCES UNDER THE OFFERS TOGETHER WITH THE SHARES ACQUIRED OR AGREED TO BE ACQUIRED BEFORE OR DURING THE SHARE OFFER, WILL RESULT IN THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT HOLDING 50% OR LESS OF THE VOTING RIGHTS OF THE COMPANY, THE OFFERS WILL NOT BECOME UNCONDITIONAL AND WILL LAPSE. IF SHAREHOLDERS, CONVERTIBLE BONDHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.**

## INTRODUCTION

On 20 January 2017 (after trading hours), the Company and Topsource entered into the New CB Subscription Agreement whereby Topsource has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the New Convertible Bonds for the aggregate principal amount of HK\$200 million pursuant to the terms and conditions set out therein.

On the same date as the New CB Subscription Agreement, the Company was informed by the Sellers that on 20 January 2017 (after trading hours), the Offeror entered into the Share Sale and Purchase Agreement with the Sellers, the Guarantor and the Buyer's Guarantor, pursuant to which the Offeror conditionally agreed to purchase, and the Sellers conditionally agreed to sell an aggregate of 6,911,498,463 Shares for a total consideration of HK\$663,503,852 (equivalent to HK\$0.096 per Sale Share) in cash, which was agreed between the Offeror and the Sellers after arm's length negotiations.



## THE NEW CB SUBSCRIPTION AGREEMENT

### Principal terms and conditions:

Issuer:	The Company
Subscriber:	Topsource
Total Principal Amount:	HK\$200 million
Interest:	5% per annum on the outstanding principal amount of the New Convertible Bonds, which will be payable by the Company in arrears on 20 June and 20 December in each year with the first payment of interest being made on 20 June 2017 and the last payment of interest being made on the relevant Maturity Date.
Issue Date:	the date of issue of the New Convertible Bonds (the “ <b>Issue Date</b> ”)
Maturity dates:	as to the principal amount in the amount of HK\$100 million due on the date falling on the last day of 24 months from the Issue Date (the “ <b>First Maturity Date</b> ”); and as to the principal amount in the amount of HK\$100 million due on the date falling on the last day of 36 months from the Issue Date (the “ <b>Second Maturity Date</b> ”, collectively together with the First Maturity Date, the “ <b>Maturity Date(s)</b> ”)
Conversion period:	at any time after the Issue Date and up to and inclusive of the First Maturity Date or the Second Maturity Date (as the case may be) (the “ <b>Conversion Period</b> ”)
Conversion rights:	New Convertible Bondholders will have the right (the “ <b>Conversion Rights</b> ”), at any time during the Conversion Period, but not the obligation, to convert in whole or in part, the outstanding principal amount of the New Convertible Bonds, into such number of fully paid Shares as determined in accordance with the following formula:

$$N = A/C$$

Where:

“N” is the number of Shares to be issued by the Company upon conversion.

“A” is the principal amount of the New Convertible Bonds to be converted, expressed in Hong Kong Dollars.

“C” is the Conversion Price, as adjusted from time to time.

Conversion price: HK\$0.096 (the “**Conversion Price**”) per Conversion Share (subject to adjustments)

Adjustment to Conversion price: The Conversion Price will be subject to automatic adjustment in the following events: (1) capitalisation issue, sub-division, consolidation and reclassification of Shares; (2) scrip dividend; (3) capital distribution; (4) cash dividend; (5) offer to holders of Shares; (6) issue of new Shares for securities convertible or exchangeable in Shares in discount; (7) issue of new Shares in discount; (8) consideration issue; and (9) events which have similar effects as mentioned in (1) to (8) above.

Upon any adjustment in the Conversion Price, the Company shall within a reasonable period (not to exceed ten (10) business days) following any of the foregoing transactions deliver to the New Convertible Bondholder a certificate, setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the Conversion Price then in effect following such adjustment.

Conversion Shares: 2,083,333,333 Conversion Shares (assuming no adjustments to the Conversion Price)

As at the date of this joint announcement, the Company had a total of 18,895,052,012 Shares in issue. Upon exercise of the conversion rights attaching to the New Convertible Bonds in full (assuming there is no adjustment to the initial exercise price, no exercise of any conversion rights attached to the Existing Convertible Bonds and no other change in the share capital of the Company between the date of the New CB Subscription Agreement and the date of completion of the subscription for the New Convertible Bonds), a total of approximately 2,083,333,333 Conversion Shares will be allotted and issued, which represent (i) approximately 11.03% of the entire issued share capital of the Company as at the date of this joint announcement, and (ii) approximately 9.93% of the issued share capital as enlarged by the issue of the Conversion Shares in full.

Voting: The New Convertible Bondholder cannot vote at any general meetings of the Shareholders.

Listing: The New Convertible Bonds shall not be listed on any stock exchange. The Company shall as soon as practicable following the execution of the New CB Subscription Agreement makes an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Ranking of the New Conversion Shares: The Conversion Shares will, when allotted and issued, will in all respects rank *pari passu* with the Shares already in issue on the day when Conversion Shares are issued.

### **Conditions precedent to the subscription for the New Convertible Bonds**

Completion of the New CB Subscription Agreement is conditional upon fulfillment of the following conditions precedent by 5:00 p.m. on 28 February 2017 or such later date Topsorce as the subscriber may agree in writing:

- (a) the Stock Exchange having granted the approval for the issue of the New Convertible Bonds, the listing of and permission to deal in the Conversion Shares upon the allotment and issue of the same;
- (b) the publication of the joint announcement under Rule 3.5 of the Code in respect of the Offers by or on behalf of the Offeror;

- (c) Topsource shall have obtained all authorizations, approvals, registrations, filings, waivers or permits of its parent company and any competent governmental authority or regulatory body that are required for the consummation by itself and its parent company of all of the transactions contemplated by the New CB Subscription Agreement, and all such authorizations, approvals, waivers and permits shall be effective as of the completion of the issue and subscription of the New Convertible Bonds;
- (d) trading of the Shares on the Stock Exchange shall have not been suspended for more than ten consecutive trading days, save for the purposes of clearing any announcements in relation to the transactions contemplated under the Share Sale and Purchase Agreement; and
- (e) the warranties and representations given or made by the Company as set out in the New CB Subscription Agreement remaining true, accurate and not misleading in all material respects as at the date of the New CB Subscription Agreement and the date of completion of the issue and subscription of the New Convertible Bonds.

None of the conditions precedent set out above can be waived.

#### **Completion of the subscription for the New Convertible Bonds**

Completion of the issue and subscription of the New Convertible Bonds shall take place on the fifth business day following the fulfillment of all the conditions precedent of the New CB Subscription Agreement or such other date as the parties shall agree in writing.

#### *The Conversion Price*

The conversion price represents:

- (a) a premium of approximately 5.49% over the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on 20 January 2017, being the Last Trading Day;
- (b) a premium of approximately 7.87% over the average closing price of approximately HK\$0.089 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days prior to and including the Last Trading Day;
- (c) a premium of approximately 6.67% over the average closing price of approximately HK\$0.090 per Share as quoted on the Stock Exchange for the last 180 trading days prior to and including the Last Trading Day;
- (d) a premium of approximately 14.29% over the unaudited consolidated net asset value of the Company of approximately HK\$0.084 per Share as at 30 June 2016 as set out in the Interim Report.

The Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the New Convertible Bonds will be issued pursuant to the General Mandate or a refreshed general mandate.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the interest under the New CB Subscription Agreement, Topsource, Xinhua Publishing and their ultimate beneficial owners are independent third parties not connected with the Company or any of its connected persons. Topsource is a Concerted Party of the Offeror.

### **Mandate to issue the Conversion Shares**

Upon exercise in full of the conversion rights attaching to the New Convertible Bonds (assuming there is no adjustment to the initial exercise price, no exercise of any conversion rights attached to the Existing Convertible Bonds and no other change in the share capital of the Company between the date of the subscription Agreement and the date of completion of the subscription for the New Convertible Bonds), 2,083,333,333 Conversion Shares shall be allotted and issued under the General Mandate or a refreshed general mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the general meeting of the Company held on 1 June 2016 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 3,717,538,010 Shares. As at the date of this joint announcement, the Company had not utilized the General Mandate since its grant.

### **Use of proceeds and reasons for the New CB Subscription Agreement**

As at the date of this joint announcement, there were outstanding 2017 Convertible Bonds in the aggregate principal amount of HK\$157.7 million issued by the Company, which will be due on 7 March 2017 and 19 May 2017, respectively. The outstanding principal amount of the 2020 Convertible Bonds in the amount of HK\$100,000,000 will be due on 24 September 2020.

The proceeds from the New Convertible Bonds will be used for the redemption of the outstanding principal amount of the 2017 Convertible Bonds on their respective maturity dates and/or to increase the working capital of the securities business of the Group. In the event all or part of the outstanding 2017 Convertible Bonds are converted into Shares prior to their respective maturity dates, such portion of the HK\$157.7 million proceeds from the New Convertible Bonds earmarked for the redemption of the 2017 Convertible Bonds shall accordingly be reallocated as working capital of the securities business of the Group.

The Directors (including the independent non-executive Directors) consider that the New CB Subscription Agreement (including the issue price, the conditions and the conversion price) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For the effect of the shareholding structure of the Company, please refer to the section headed “**SHAREHOLDING STRUCTURE OF THE COMPANY**” in this joint announcement.

### **Irrevocable undertaking from the subscriber of the New Convertible Bonds**

On 20 January 2017, Topsource executed an irrevocable undertaking in favour of the Company and the Offeror, pursuant to which Topsource, as the subscriber of the New Convertible Bonds, irrevocably undertook to the Company and the Offeror that it will not, whether directly or indirectly, at any time during the period from the date of this joint announcement until the earlier of the termination of the Share Sale and Purchase Agreement or the Offers Closing Date,

- (1) dispose of, transfer or otherwise deal in, any of the New Convertible Bonds;
- (2) exercise any conversion rights attaching to the New Convertible Bonds or otherwise convert any part or the whole of the New Convertible Bonds into Conversion Shares; or
- (3) accept any general offer which will be made by the Offeror with respect to the New Convertible Bonds held by it.

### **INFORMATION ON THE SUBSCRIBER OF THE NEW CONVERTIBLE BONDS**

As at the date of this joint announcement, Topsource, a company incorporated in the Hong Kong with limited liability, is wholly owned by Xinhua Publishing, which in turn is ultimately owned as to 61% by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government\*(上海市國有資產監督管理委員會) and as to 39% by Greenland Holding Group Company Limited (綠地控股集團有限公司), respectively. Greenland Holding Group Company Limited\* (綠地控股集團有限公司) is a wholly-owned subsidiary of Greenland Holdings Corporation Limited\* (綠地控股集團股份有限公司), a joint stock company whose shares are listed on Shanghai Stock Exchange (stock code: 600606). As at 30 September 2016, Greenland Holding Corporation Limited (綠地控股集團股份有限公司) is directly owned as to 28.99% by 上海格林蘭投資企業(有限合夥), as to 20.55% by Shanghai Municipal Investment (Group) Corporation\*(上海城投(集團)有限公司), as to 18.20% by Shanghai Land (Group) Company Limited\*(上海地產(集團)有限公司), and as to 7.62% by Shanghai Zhongxing (Group) Company Limited\*(上海中星(集團)有限公司). 上海格林蘭投資企業(有限合夥) was set up as a partnership by the employee stock ownership association of Shanghai Greenland (Group) Company Limited\*(上海綠地(集團)有限公司). All of Shanghai Municipal Investment (Group) Corporation\*(上海城投(集團)有限公司), Shanghai Land (Group) Company Limited\*(上海地產(集團)有限公司) and Shanghai Zhongxing (Group) Company Limited\*(上海中星(集團)有限公司) are ultimately owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government\*(上海市國有資產監督管理委員會). Xinhua Publishing is principally engaged in the business of investment holding, enterprise asset

management, the publishing of books, newspapers and periodicals, audio and video products, cultural and educational supplies, retailing and wholesale of building materials, metal mineral products, import and export of goods and technology business, warehousing, provision of domestic transport agency services, business management consulting, investment consulting, domestic trade and provision of exhibition services. As at the date of this joint announcement, Topsource or its beneficial owners are not interested in any Shares or securities of the Company.

## **THE SHARE SALE AND PURCHASE AGREEMENT**

Date: 20 January 2017

Parties:

(1) Sellers:	Mr. Liang, Madex and Mr. Cheung
(2) Buyer:	the Offeror
(3) Guarantor:	Mr. Liang
(4) Buyer's Guarantor:	Credit China FinTech

The Company was informed by the Sellers that on 20 January 2017 (after trading hours), the Offeror entered into the Share Sale and Purchase Agreement with the Sellers, the Guarantor and the Buyer's Guarantor, pursuant to which the Offeror conditionally agreed to purchase, and the Sellers conditionally agreed to sell the Sale Shares, being an aggregate of 6,911,498,463 Shares representing approximately 36.58% of the entire issued share capital of the Company of the date of this joint announcement, for a total consideration of HK\$663,503,852 (equivalent to HK\$0.096 per Sale Share) in cash, which was agreed between the Offeror and the Sellers after arm's length negotiations with reference to, among other things, (i) the price performance of the Shares prior to the Last Trading Day; (ii) the latest published consolidated net asset value per Share of the Company; and (iii) the financial performance of the Group. The Sale Shares represented approximately 36.58% of the entire issued share capital of the Company as at the date of this joint announcement. The consideration is to be fully settled upon Completion.

Immediately before entering into the Share Sale and Purchase Agreement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Offeror, its ultimate beneficial owners and its Concerted Parties were third parties independent of and not connected with the Company and any of its connected persons.

Credit China FinTech was joined as the Buyer's Guarantor in the Share Sale and Purchase Agreement to procure the due and punctual performance by the Offeror under the relevant clause of the Share Sale and Purchase Agreement and give certain representations and warranties thereunder.

## **Completion**

Completion is to take place on the seventh day after the last condition precedent (as set out below) is satisfied (or otherwise waived) or any other date mutually agreed between the Sellers and the Offeror. Immediately after Completion, Mr. Cheung will be interested in the 2020 Convertible Bonds in the principal amount of HK\$25,000,000 convertible into 125,000,000 Shares at the conversion price of HK\$0.20 and the 2017 March Convertible Bonds in the principal amount of HK\$48,900,000. Save as disclosed, the Sellers will not hold any interest in the Company after Completion.

## **Conditions precedent**

Completion is conditional upon the satisfaction or waiver (as the case maybe) of the following conditions:

- (a) **(consents and approvals from the shareholders of the Company and the Stock Exchange)** all necessary consents or approvals (if applicable) (including, but not limited to the approval from the Shareholders and the Stock Exchange in relation to the issue of the New Convertible Bonds by the Company) or otherwise required under the relevant applicable laws and regulations having been obtained by the Sellers, the Offeror and/or the Company for the sale and transfer of the Sale Shares, the entering into and implementation of the Share Sale and Purchase Agreement;
- (b) **(consents and approvals from the SFC)** all necessary consents or approvals (if applicable) by the regulatory authorities (including, but not limited to the approval from the SFC for the change of substantial shareholder (as defined under the SFO) of Ping An Securities Limited) or otherwise required under the relevant applicable laws and regulations having been obtained by the Sellers, the Offeror and/or the Company for the sale and transfer of the Sale Shares, the entering into and implementation of the Share Sale and Purchase Agreement;
- (c) **(trading of the Shares on the Stock Exchange)** trading of the Shares on the Stock Exchange not having been suspended for more than five consecutive trading days prior to Completion, save for the purposes of clearing any announcements in relation to the transactions contemplated under the Share Sale and Purchase Agreement;
- (d) **(listing status)** the listing of the Shares not having been revoked or withdrawn at any time before Completion and there being no indication prior to the Completion from the Stock Exchange or the SFC that the listing of the Shares shall be suspended, revoked or withdrawn which will take effect after Completion;
- (e) **(suspension)** there being no indication from the Stock Exchange or SFC prior to Completion that the Shares shall be suspended, revoked or withdrawn which will take effect after Completion, whether or not as a result of the transactions contemplated under the Share Sale and Purchase Agreement;



- (f) **(due diligence)** the Offeror being reasonably satisfied with the results of the due diligence review to be conducted by it on the assets, indebtedness, operation and business of the Group as the Offeror reasonably considers necessary;
- (g) **(warranties)** all warranties of the Sellers and the warranties of the Offeror and the Buyer's Guarantor set out in the Share Sale and Purchase Agreement remaining true, correct and not misleading in all material respects as at the date of Completion;
- (h) **(building construction licence)** the Building Construction Licence\* (建築工程施工許可證) relating to construction of the project of Shengming International Plaza\* (盛明國際廣場項目) has been obtained by the Group;
- (i) **(SFC licences)** any of the licences of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO held by Ping An Securities Limited (the "SFC Licences") not having been revoked, terminated or suspended at Completion and there being no such statement, notice or declaration to revoke, terminate or suspend the relevant licenses at or before Completion. No additional conditions will be imposed on the SFC Licences by the SFC at Completion and there being no written notice received from the SFC to impose any additional conditions on the SFC Licences at or before Completion;
- (j) **(convertibles)** the entering into the New CB Subscription Agreement by the Company;
- (k) **(no material adverse change)** the Offeror being satisfied that there has not been any change which has a material and adverse effect on the financial position, business or property, results of operations of the Group as a whole in respect of any member of the Group since the date of the Share Sale and Purchase Agreement; and
- (l) **(net assets value)** the consolidated net assets value as shown in the audited financial statements of the Company and the Group for the year ended 31 December 2016 shall not be less than the pre-agreed amount as specified in the Share Sale and Purchase Agreement.

Save for conditions (a) and (b), the Offeror may waive any of the conditions above at any time on any term it decides and proceed with Completion.

### **Default and termination**

The above conditions precedent are set out in the Share Sale and Purchase Agreement for the benefit of the Offeror and the Sellers. The last date for satisfaction of the conditions precedent is 19 June 2017 (or any later date agreed by the Sellers and the Offeror in writing) and if by such date:

- (a) any of the above conditions precedent are not satisfied and have not been waived by the Offeror; or

- (b) any consent or approval required under any of the above conditions precedent is not granted on terms reasonably acceptable to the Offeror,

the Share Sale and Purchase Agreement may be terminated (save as certain surviving provisions) at any time before Completion by notice given by the Offeror to the Sellers and none of the Sellers or the Offeror shall be obliged to proceed to Completion. None of the Sellers and the Offeror shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions of the Share Sale and Purchase Agreement.

### **DISCLOSEABLE TRANSACTIONS FOR CREDIT CHINA FINTECH AND HONGDA FINANCIAL AND THE LISTING RULES/THE GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for each of Credit China FinTech and HongDa Financial in respect of acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement are more than 5% but less than 25%, the acquisition by Well Up (Hong Kong) Limited, being an associate of each of Credit China FinTech and HongDa Financial, constitutes a discloseable transaction for both Credit China FinTech and HongDa Financial. Accordingly, each of Credit China FinTech and HongDa Financial is subject to the reporting and announcement requirements in respect of the acquisition of the Sale Shares under the GEM Listing Rules or, as the case may be, the Listing Rules.

As the applicable percentage ratios for each of Credit China FinTech and HongDa Financial in respect of the provision of the Several Corporate Guarantee in respect of the liabilities of the Offeror under the Haitong Facility are more than 5% but less than 25%, the provision of such Several Corporate Guarantee by Credit China FinTech and HongDa Financial constitutes a discloseable transaction for both Credit China FinTech and HongDa Financial. Accordingly, Credit China FinTech is subject to the reporting and announcement requirements in respect of the provision of the Several Corporate Guarantee under the GEM Listing Rules while HongDa Financial is subject to the reporting and announcement requirements in respect of the provision of the Several Corporate Guarantee under the Listing Rules.

To the best of the knowledge, information and belief of the directors of Credit China FinTech and HongDa Financial, having made all reasonable enquiries, the Company, Haitong International Securities and their respective beneficial owners are third parties independent of Credit China FinTech and HongDa Financial and any connected persons of Credit China FinTech and HongDa Financial.

The respective directors of Credit China FinTech and HongDa Financial consider that the Share Sale and Purchase Agreement is entered into after arm's length negotiation between, among other parties, Credit China FinTech and HongDa Financial and the Company and the terms therein are on normal commercial terms and are fair and reasonable and in the interests of Credit China FinTech and HongDa Financial and their respective shareholders as a whole.

As at the date of this joint announcement, the shareholders of King Focus International Limited (being the holding company of the Offeror) have, in proportion to their shareholdings, advanced an aggregate of HK\$532 million to the Offeror (at the direction of King Focus International Limited) (“**Well Up Shareholders’ Loan**”). The shareholders of King Focus International Limited have also agreed to advance additional shareholders’ loans, in proportion to their respective shareholding in King Focus International Limited, up to an aggregate of HK\$384 million.

It is the intention of the Offeror to utilise the Well Up Shareholders’ Loan and the sum drawn under the Haitong Facility to fund the acquisition of the Sale Shares.

To complete the acquisition of the Sale Shares and to implement the Offers, the Offeror has obtained the Haitong Facility from Haitong International Securities. The Haitong Facility is in respect of a credit facility up to HK\$1,464 million and is secured by, among other collateral security, the Several Corporate Guarantee. A summary of the terms of the Several Corporate Guarantee are as follows:

Date: 20 January 2017

Parties: Mr. Zhang Zhenxin, Credit China FinTech and HongDa Financial as guarantors and Haitong International Securities as the lender

Subject matter: Mr. Zhang Zhenxin, Credit China FinTech and HongDa Financial have agreed to severally guarantee to Haitong International Securities the punctual performance by the Offeror of all its obligations under the Haitong Facility and repay, when the Offeror defaults, the outstanding indebtedness under the Haitong Facility (“**Outstanding Haitong Indebtedness**”) as principal obligor provided that the liability of Credit China FinTech and HongDa Financial under the Several Corporate Guarantee shall be limited to 37% and 14% respectively of the Outstanding Haitong Indebtedness.

Neither Credit China FinTech nor HongDa Financial receives any fee for the provision of the Several Corporate Guarantee. Given that the several maximum liability of each of Credit China FinTech and HongDa Financial under the Several Corporate Guarantee represents their respective indirect shareholding interests in King Focus International Limited (being the holding company wholly owns the entire issued share capital of the Offeror), the respective directors of Credit China FinTech and HongDa Financial consider that the provision of the Several Corporate Guarantee, which is entered into after arm’s length negotiation between, among other parties, Credit China FinTech and HongDa Financial, the terms of the Several Corporate Guarantee are on normal commercial terms and are fair and reasonable and in the interests of Credit China FinTech and HongDa Financial and their respective shareholders as a whole.

**POSSIBLE CONDITIONAL MANDATORY GENERAL CASH OFFERS**

As at the date of this joint announcement, the Offeror and its Concerted Parties did not have control or direction over any Shares, options, derivatives, warrants or securities which are convertible into or exchangeable for securities of the Company or any other interests in the issued share capital or voting rights of the Company. Upon Completion, the Offeror and its Concerted Parties will be interested in a total of 6,911,498,463 Shares and the New Convertible Bonds with an aggregate amount of HK\$200 million, representing approximately 36.58% of the entire issued share capital of the Company as at the date of this joint announcement and approximately 42.88% of the interests (on a fully diluted basis). Pursuant to Rule 26.1 of the Code, the Offeror will be required to make a conditional mandatory general cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concerted Parties at the time when the Share Offer is made)(assuming no further Shares are issued or repurchased by the Company up to the Offers Closing Date, whether pursuant to the exercise of the conversion rights attaching to the Convertible Bonds or otherwise). The Offeror will also be required to make the Convertible Bonds Offers pursuant to Rule 13 of the Code.

The Offers will be made by China Galaxy and Haitong International Securities on behalf of the Offeror, on the following basis:

**The Share Offer**

For each Share ..... HK\$0.096 in cash

The Share Offer Price is the same as the price per Share paid by the Offeror under the Share Sale and Purchase Agreement which was arrived at after arm’s length negotiation between the Offeror and the Sellers.

The Share Offer will be extended to all Shareholders other than the Offeror and its Concerted Parties in accordance with the Code. The Shares to be acquired under the Share Offer shall be acquired free from any Encumbrance and with all rights, including dividend rights, attached or accruing to them on and from the date of the Composite Document.

**The 2020 Convertible Bonds Offer**

For every HK\$5,000,000 face value of the outstanding  
2020 Convertible Bonds ..... HK\$2,400,000 in cash

As at the date of this joint announcement, the Company had outstanding 2020 Convertible Bonds in the aggregate principal amount of HK\$100,000,000 convertible into 500,000,000 new Shares.

The 2020 Convertible Bonds Offer will apply to all outstanding 2020 Convertible Bonds in issue on the date on which the 2020 Convertible Bonds Offer is made and will not apply to any Convertible Bonds which are or have been converted into Shares prior to the Offers Closing Date.

The offer price for the 2020 Convertible Bonds Offer is determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for the 2020 Convertible Bonds being the maximum number of Shares which the outstanding principal amount of the 2020 Convertible Bonds can be converted into (being approximately 500,000,000 Shares) multiplied by the Share Offer Price (of HK\$0.096 per Share), thus valuing the total 2020 Convertible Bonds Offer at approximately HK\$48,000,000.

**The 2017 Convertible Bonds Offer**

For every HK\$100,000 face value of the outstanding  
2017 Convertible Bond ..... HK\$58,895.7 in cash

As at the date of this joint announcement, the Company had outstanding 2017 Convertible Bonds with an aggregate amount of HK\$157.7 million convertible into 967,484,661 new Shares.

The 2017 Convertible Bonds Offer will apply to all outstanding 2017 Convertible Bonds in issue on the date on which the 2017 Convertible Bonds Offer is made and will not apply to any 2017 Convertible Bonds which are or have been redeemed or converted into Shares prior to the Offers Closing Date.

The offer price for the 2017 Convertible Bonds Offer is determined in accordance with Practice Note 6 to the Code as the “see-through” consideration for the 2017 Convertible Bonds being the maximum number of Shares which the outstanding principal amount of the 2017 Convertible Bonds can be converted into (being approximately 967,484,661 Shares) multiplied by the Share Offer Price (of HK\$0.096 per Share), thus valuing the total Convertible Bonds Offer at approximately HK\$92,878,528.

For the avoidance of doubt, the Convertible Bond Offers will not be extended to Topsource, being the holder of the New Convertible Bonds who has irrevocably undertaken that it will not, whether directly or indirectly, at any time during the period from the date of this joint announcement until the Offers Closing Date, save for the subscription of New Convertible Bonds, dispose of, transfer or otherwise deal in, any of the New Convertible Bonds, exercise any conversion rights attaching to the New Convertible Bonds or otherwise convert any part or the whole of the New Convertible Bonds into Conversion Shares, or accept any general offer which will be made by the Offeror with respect to the New Convertible Bonds.

## **Comparisons of value**

### *The Share Offer*

The Share Offer Price represents:

- (a) a premium of approximately 5.49% over the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on 20 January 2017, being the Last Trading Day;
- (b) a premium of approximately 7.87% over the average closing price of approximately HK\$0.089 per Share as quoted on the Stock Exchange for the last 5 trading days prior to and including the Last Trading Day;
- (c) a premium of approximately 12.94% over the average closing price of approximately HK\$0.085 per Share as quoted on the Stock Exchange for the last 10 trading days prior to and including the Last Trading Day;
- (d) a premium of approximately 18.52% over the average closing price of approximately HK\$0.081 per Share as quoted on the Stock Exchange for the last 30 trading days prior to and including the Last Trading Day; and
- (e) a premium of approximately 14.29% over the unaudited consolidated net asset value of the Company of approximately HK\$0.084 per Share as at 30 June 2016 as set out in the Interim Report.

### *Highest and lowest closing prices of the Shares*

During the six-month period immediately preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.113 on 26 October 2016 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.066 on 30 September 2016, 4 October 2016 and 18 October 2016.

## **Dealings in securities in the Company**

Save for the Sale Shares, the Offeror and its Concerted Parties have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to the date of this joint announcement.

## **Total consideration for the Offers**

Assuming the Offers are accepted in full on the basis that (i) none of the conversion rights attaching to the 2017 Convertible Bonds or the 2020 Convertible Bonds is exercised prior to the Offers Closing Date; and (ii) there is no change in the issued share capital of the Company up to the Offers Closing Date, a total of 11,983,553,549 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concerted Parties) will be subject to the Share Offer and the cash consideration payable by the Offeror under the Share Offer would be approximately HK\$1,150,421,141 and

the cash consideration payable by the Offeror under the Convertible Bonds Offers would amount to approximately HK\$140,878,528. The total cash consideration payable by the Offeror under the Offers would be approximately HK\$1,291,299,669.

Assuming that (i) all of the conversion rights attaching to the 2017 Convertible Bonds and the 2020 Convertible Bonds are exercised in full prior to the Offers Closing Date and there will be no outstanding 2017 Convertible Bonds for acceptance of the 2017 Convertible Bonds Offer and no outstanding 2020 Convertible Bonds for acceptance of the Convertible Bonds Offer; and (ii) there is no other change in the issued share capital of the Company up to the Offers Closing Date other than the new Shares allotted and issued pursuant to the exercise of the conversion rights attached to the Existing Convertible Bonds, a total of 13,451,038,211 Shares (representing the Shares not already held or to be acquired by the Offeror and its Concerted Parties, including the 1,467,484,661 new Shares to be allotted issued pursuant to the exercise in full of the conversion rights attaching to the 2017 Convertible Bonds and 2020 Convertible Bonds), the cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$1,291,299,669.

### **Availability of the Offers**

The Offeror intends to make the Offers available to all Independent Shareholders and all holders of the 2017 Convertible Bonds and the 2020 Convertible Bonds, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such overseas Shareholders and/or holders of the Convertible Bonds who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due by such overseas accepting shareholders in such jurisdiction.

Any acceptance by Shareholders and/or holders of the 2017 Convertible Bonds and the 2020 Convertible Bonds and beneficial owners of the Shares and the 2017 Convertible Bonds and the 2020 Convertible Bonds who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Shareholders and/or holders of the Existing Convertible Bonds should consult their respective professional advisers if in doubt. Shareholders and/or holders of the Existing Convertible Bonds who are in doubt as to the action they should

take should consult a licenced securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

### **Effect of accepting the Offers**

Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Code.

Provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the registrar of the Company, the Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of the Composite Document.

Acceptance of the Convertible Bonds Offers by any of the Existing Convertible Bondholders will be deemed to constitute a warranty by such person that all Existing Convertible Bonds sold by such person under the Convertible Bonds Offer are free from all encumbrances whatsoever.

### **Confirmation of financial resources**

The funds required by the Offeror to satisfy the consideration payable by the Offeror for the acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement and the consideration payable under the Offers will be financed from its own internal resources and the Haitong Facility. China Galaxy and Haitong International Capital have been appointed as the Joint Financial Advisers to the Offeror in respect of the Offers and are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable for the acquisition of the Sale Shares pursuant to the Share Sale and Purchase Agreement and the consideration payable for full acceptance of the Offers.

### **Condition to the Offers**

The Offers are conditional on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.



The Offeror will issue a joint announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the conditions to the Offers in accordance with the Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

### **Hong Kong stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each Shareholder at the rate of HK\$1.00 per HK\$1,000 (or part thereof) of the consideration payable by the Offeror for such person's Shares and will be deducted from the cash amount due to such accepting Shareholder. The Offeror will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Convertible Bonds Offers.

### **Composite Document**

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a Composite Document.

Pursuant to the Code, the Composite Document containing, among other things, (i) further details of the Offers; (ii) the recommendation from the Independent Board Committee in respect of the Offers; (iii) the letter from the Independent Financial Adviser in respect of the Offers; and (iv) the forms of acceptance, shall be despatched to the Shareholders and the Convertible Bondholders within 21 days of the date of this joint announcement. As the conditions to Completion cannot be satisfied or waived (where applicable) within 21 days of the date of this joint announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Code for an extension of time for despatching the Composite Document to any time within 7 days of Completion. An expected timetable in relation to the Offers will be included in the Composite Document.

Further announcement will be made when the Composite Document together with the relevant forms of acceptance and transfer are despatched.

### **SHAREHOLDING STRUCTURE OF THE COMPANY**

Set out below are the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) upon completion of the issue of the New Convertible Bonds (assuming none of the Existing Convertible Bonds have been converted); (iii) upon Completion but before the Offers are made (assuming none of the Existing Convertible Bonds have been converted at or prior to such Completion); and (iv) upon Completion but before the Offers are made (assuming all of the Existing Convertible Bonds have been converted at or prior to such Completion).

Shareholders	As at the date of this joint announcement		Upon completion of the issue of the New Convertible Bonds (assuming none of the Existing Convertible Bonds have been converted)		Upon Completion but before the Offers are made (assuming none of the Existing Convertible Bonds have been converted at or prior to such Completion)		Upon Completion but before the Offers are made (assuming all of the Existing Convertible Bonds have been converted at or prior to such Completion)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Liang	3,979,498,463	21.06	3,979,498,463	21.06	-	-	-	-
Mr. Cheung	2,932,000,000	15.52	2,932,000,000	15.52	-	-	425,000,000	2.09
the Offeror and parties acting in concert with it	-	-	-	-	6,911,498,463	36.58	6,911,498,463	33.94
Directors	-	-	-	-	-	-	6,134,969	0.03
Sub-total:	6,911,498,463	36.58	6,911,498,463	36.58	6,911,498,463	36.58	7,342,633,432	36.06
Public	11,983,553,549	63.42	11,983,553,549	63.42	11,983,553,549	63.42	13,019,903,241	63.94
Total:	<u>18,895,052,012</u>	<u>100</u>	<u>18,895,052,012</u>	<u>100</u>	<u>18,895,052,012</u>	<u>100</u>	<u>20,362,536,673</u>	<u>100</u>

As at the date of this joint announcement, there were no outstanding share options pursuant to the share option scheme adopted at the annual general meeting of the Company held on 23 June 2011.

## INFORMATION ON THE GROUP

The Group is principally engaged in the business of property investment and development, trading of goods in mainland China, provision of securities brokerage, securities underwriting and placements and financial advisory services.

## FINANCIAL INFORMATION OF THE GROUP

Set out below is the audited revenue, loss before tax, loss attributable to the owners of the Company and the consolidated net asset value attributable to the owners of the Company for each of the two financial years ended 31 December 2014 and 2015 as extracted from the annual report of the Company for the year ended 31 December 2015, and the unaudited revenue, (loss)/profit before tax and loss attributable to the owners of the Company for the six months ended 30 June 2016 as extracted from the Interim Report:

	<b>For the Year ended 31 December</b>		<b>For the Six months ended 30 June</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	33,107	50,465	8,339
(Loss)/profit before tax	(674,596)	(273,529)	74,399
(Loss)/profit after tax	(573,620)	(232,007)	73,671
Loss for the year/period from discontinued operations	-	-	(103,539)
Loss for the year/period attributable to the owners of the Company	(573,620)	(232,007)	(29,868)
	<b>As at 31 December</b>	<b>As at 30 June</b>	
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Consolidated net assets value attributable to the owners of the Company	952,598	1,619,281	1,561,078

As at 30 June 2016, the unaudited total assets of the Group amounted to approximately HK\$4,633 million.

Further financial information of the Group will be set out in the Composite Document to be despatched to the Shareholders and the Convertible Bondholders.

## **INFORMATION ON THE OFFEROR**

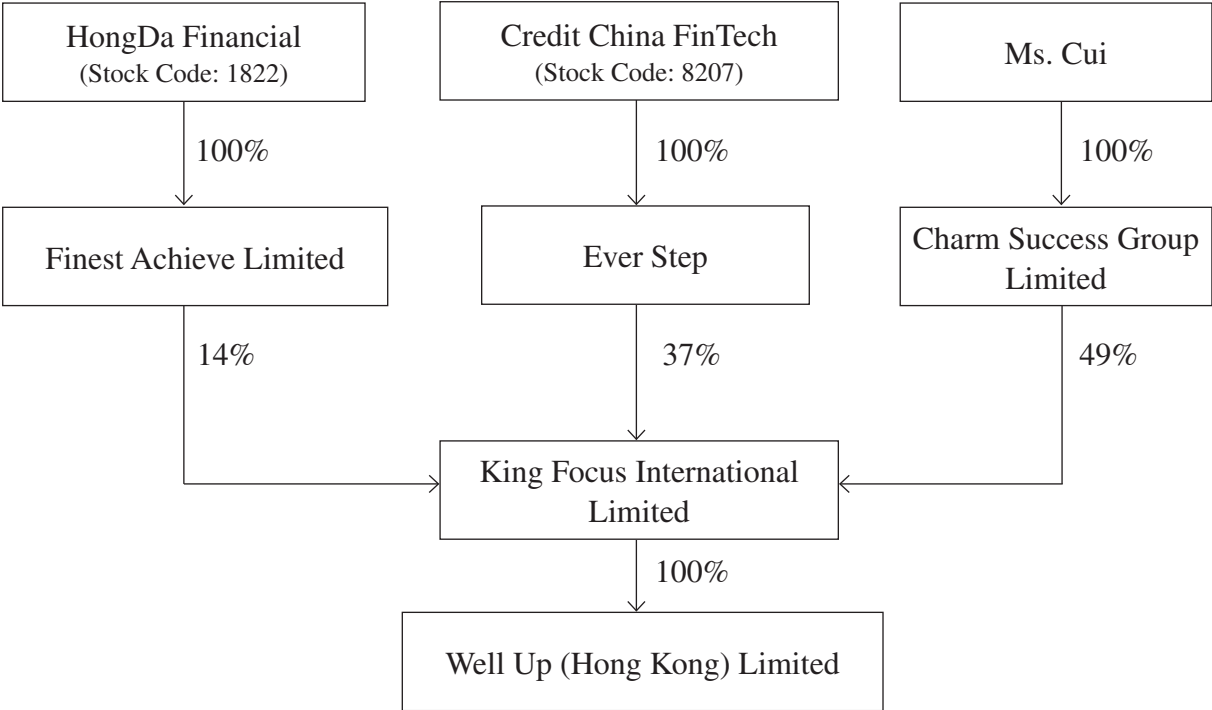
The Offeror is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this joint announcement, the Offeror was wholly-owned by King Focus International Limited. King Focus International Limited was, in turn, owned as to 49% by Charm Success Group Limited, 37% by Ever Step Holdings Limited (“Ever Step”) and 14% by Finest Achieve Limited, respectively.

Ever Step is a company incorporated in the BVI with limited liability and is wholly owned by Credit China FinTech, a company whose shares are listed on GEM (stock code: 8207). Credit China FinTech is a leading integrated FinTech service provider in China with a focus on providing 24 x 7 financial services to small-medium enterprises and consumers in the PRC through internet and mobile internet. The suite of FinTech services offered by the Credit China FinTech Group includes online third party payment, technology-enabled lending, online financial asset investment and supply chain financial services platforms.

Finest Achieve Limited is a company incorporated in the BVI with limited liability and is wholly-owned by HongDa Financial. HongDa Financial is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code:1822). It is primarily involved in the provision for car rental services; the trading of electronic components/materials; and the research, design, development and sale of digital signal processing based consumer electronic devices/platforms, including embedded firmware, the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms and financing services business.

Charm Success Group Limited is a company incorporated in the BVI with limited liability and is beneficially and wholly-owned by Ms. Cui. Ms. Cui is currently the executive director and deputy chairperson of Ground International Development Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 989). Previously, Ms. Cui was the business development director of Ground International Development Limited.

Set out below is the simplified shareholding structure of the Offeror as at the date of this joint announcement:



**The directors of the Offeror**

As at the date of this joint announcement, the Offeror has three directors, namely, Mr. Phang Yew Kiat, Mr. Lin Hongqiao and Ms. Cui.

## **REASONS FOR AND BENEFITS OF THE SHARE SALE AND PURCHASE AGREEMENT FOR CREDIT CHINA FINTECH**

As disclosed in the third quarterly report of Credit China FinTech, for the nine months ended 30 September 2016, comparing to the corresponding period ended 30 September 2015, the unaudited total revenue of the Credit China FinTech Group for the nine months ended 30 September 2016 increased by approximately 145.2% to approximately RMB635,965,000 (2015: RMB259,279,000). For the nine months ended 30 September 2016, the unaudited profit for the period increased significantly to RMB223,915,000 (2015: RMB52,330,000). The growth in revenue was mainly attributable to strong growth in the P2P loan service income and mobile gaming service income. As disclosed in the annual report ended 31 December 2015, the core strategy of Credit China FinTech is to place equal emphasis on promoting business innovation and risk management improvement when pursuing the development of internet finance.

Credit China FinTech has been seeking to establish its presence in the Hong Kong market, and the proposed investment represents an opportunity for the Credit China FinTech Group to tap into the securities industry in Hong Kong. Credit China FinTech may consider to generate synergy through business collaboration with the Company in developing fintech services in the Hong Kong market. Leveraging its success as a leading FinTech service provider in China, Credit China FinTech is well-positioned to offer various innovative services to the Hong Kong market, in the areas of online third party payment, online investment, technology-enabled lending, as well as asset management services. The board of directors of Credit China FinTech are of the view that the terms of the Share Sale and Purchase Agreement are fair and reasonable and is on normal commercial terms and that the Share Sale and Purchase Agreement and the Offers are in the interests of Credit China FinTech and the shareholders of Credit China FinTech as a whole.

## **REASONS FOR AND BENEFITS OF THE SHARE SALE AND PURCHASE AGREEMENT FOR HONGDA FINANCIAL**

As disclosed in the interim report of the HongDa Financial, for the six months ended 30 June 2016, comparing to the corresponding period ended 30 June 2015, the unaudited total revenue of the HongDa Financial Group for the six months ended 30 June 2016 increased by approximately 519.8% to approximately HK\$1,593,617,850 (2015: HK\$257,105,209). For the six months ended 30 June 2016, the unaudited profit for the period increased significantly to HK\$44,521,190 from a loss of HK\$9,303,860 for the same period in 2015. The significant increase of the unaudited total revenue and unaudited profit for the period was mainly caused by increase in sale of electronic components/materials. The HongDa Financial is proactively identifying potential opportunities in acquisition of financial services as disclosed in interim report of HongDa Financial for the six months ended 30 June 2016.

Ping An Securities Limited, a subsidiary of the Company, is a corporation registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO while HongDa Financial has operated as a licenced money lender under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) and intends to obtain the relevant licences with the SFC in relation to advising on securities and asset management. The board of directors of HongDa Financial believes that the collaboration with Ping An Securities Limited would create synergies through the integration and cross transfer of the skills, knowledge and expertise. The board of directors of HongDa Financial are of the view that the terms of the Share Sale and Purchase Agreement are fair and reasonable and is on normal commercial terms and that the Share Sale and Purchase Agreement and the Offers are in the interests of HongDa Financial and the shareholders of HongDa Financial as a whole.

### **INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

The Offeror has confirmed to the Company that it does not intend to cause the Group to change its existing business of property investment and development, trading of goods in mainland China, provision of securities brokerage, securities underwriting and placements and financial advisory services. As at the date of this joint announcement, the Offeror had no intention to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

As at the date of this joint announcement, the Offeror did not have any intention, arrangement, agreement, understanding or negotiation on (a) any disposal, termination or scaling down of the existing businesses of the Group; (b) any injection of any new business (other than any upstream and/or downstream business within the Group's existing business industries which the Group might consider acquiring) to the Group; and (c) any change in the shareholding structure of the Company, other than those contemplated under the Offers.

Following the completion of the Offers, the Offeror will review the business operations and financial position of the Group, including among others, the Group's relationships with its distributors and suppliers, portfolio of products, assets, corporate and organizational structure, capitalization, operations, policies, management and personnel to consider and determine what changes, if any, would be necessary, appropriate or desirable, long term and short term, in order to best organize and optimize the businesses and operations of the Group. The Offeror intends that the Group will continue to operate its business in substantially its current state. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to better integrate, generate maximum synergy and achieve enhanced economies of scale with the other operations of the Offeror.

### **Proposed change to the Board composition of the Company**

The Board is currently made up of five Directors, comprising two executive Directors, namely Mrs. Nijssen Victoria and Mr. Cheung; and three independent non-executive Directors, namely Dr. Dong Ansheng, Mr. Wong Yee Shuen, Wilson and Mr. Tsang Wah Kwong. Immediately after Completion, each of the Directors may resign as Director with effect from the earliest time permitted under (or pursuant to any dispensation from) the Code or by the SFC. Such resignation will not take effect earlier than the Offers Closing Date.

The Offeror intends to nominate new Directors to the Board with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Code.

Any change to the Board will be made in compliance with the Code and the Listing Rules and further announcement will be made as and when appropriate.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends for the Company to maintain the listing status of the Shares on the Main Board of the Stock Exchange after the Offers Closing Date.

The Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the Offers Closing Date, there will be not less than 25% of the Company's entire issued ordinary share capital held by the public, the Offeror undertakes to the Stock Exchange to take appropriate steps within a reasonable period following the Offers Closing Date to ensure that at least 25% of the Shares will be held by the public.

It should be noted that if the Company remains a listed company on the Stock Exchange, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue a joint announcement and/or a circular to the Shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure

from the principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new listing applicant subject to the requirements of new listing applications as set out in the Listing Rules.

### **INTERESTS IN SHARES**

As at the date of this joint announcement, the Offeror and its Concerted Parties did not have, control or direction over any other Shares, options, derivatives, warrants or securities which are convertible into or exchangeable for securities of the Company or any other interests in the issued share capital or voting rights of the Company. Upon Completion, the Offeror and its Concerted Parties will collectively hold a total of 6,911,498,463 Shares, representing approximately 36.58% of the issued share capital of the Company.

### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not undertaken any equity fund raising activity in the past twelve months immediately preceding the date of this joint announcement.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 2.1 of the Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

An Independent Board Committee which comprises all the independent non-executive Directors, namely, Dr. Dong Ansheng, Mr. Wong Yee Shuen, Wilson and Mr. Tsang Wah Kwong has been established to advise the Independent Shareholders and the Convertible Bondholders in respect of the Offers. Save that Mr. Wong Yee Shuen, Wilson holds outstanding 2017 March Convertible Bonds in principal amount of HK\$1,000,000 convertible into 6,134,969 Shares, representing approximately 0.03% of the entire issued share capital of the Company as at the date of this joint announcement, no other member of the Independent Board Committee has any direct or indirect interest in the Offers.

An Independent Financial Adviser will be appointed, subject to approval by the Independent Board Committee, to advise the Independent Board Committee in respect of the Offers in due course. A further joint announcement will be made by the Company upon the appointment of the Independent Financial Adviser.



## **IMPLICATIONS UNDER RULE 4 OF THE CODE**

If the proposed purchase of the Sale Shares pursuant to the Share Sale and Purchase Agreement materialises, upon Completion, the Offeror will incur an obligation to make a mandatory conditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its Concerted Parties at the time when the Share Offer is made) under Rule 26.1 of the Code.

As the New CB Subscription Agreement was entered into during the offer period, pursuant to Rule 4 of the Code, it is considered a frustrating action and is subject to Shareholders' approval in general meeting.

The Offeror has consented in writing to the entering into of the New CB Subscription Agreement and the Company has applied for and obtained the waiver from the Executive from the requirement for the Company to obtain Shareholders' approval for the entering into of the New CB Subscription Agreement in general meeting of the Company pursuant to Note 1 to Rule 4 of the Code.

## **OTHER ARRANGEMENTS**

As at the date of this joint announcement:

- (a) neither the Offeror nor any of its Concerted Parties has received any irrevocable commitment to accept the Offers;
- (b) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any of its Concerted Parties;
- (c) save for the Share Sale and Purchase Agreement: (i) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Code in relation to the Shares or the Offeror which might be material to the Offers; and (ii) there is no agreement or arrangement to which the Offeror (nor any of its Concerted Parties) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (d) there are no relevant securities in the Company which the Offeror (or any of its Concerted Parties) has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

All associates of the Company and the Offeror are reminded to disclose their dealings in any relevant securities of the Company in accordance with Rule 22 of the Code.

Save for the 18,895,052,012 Shares in issue, the 2017 Convertible Bonds and the 2020 Convertible Bonds, the Company has no other relevant securities (as defined in note 4 to Rule 22 of the Code) as at the date of this joint announcement.

In accordance with Rule 3.8 of the Code, reproduced below is the full text of Note 11 to Rule 22 of the Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**WARNING: THE OFFERS ARE CONDITIONAL. THE OFFERS WILL ONLY BE MADE IF COMPLETION TAKES PLACE. PLUS, IF THE TOTAL NUMBER OF SHARES IN RESPECT OF WHICH THE OFFEROR RECEIVES, AT OR BEFORE 4:00 P.M. ON THE OFFERS CLOSING DATE (OR SUCH OTHER TIME AS THE OFFEROR MAY, SUBJECT TO THE CODE, DECIDE AND THE EXECUTIVE MAY APPROVE), VALID ACCEPTANCES UNDER THE OFFERS TOGETHER WITH THE SHARES ACQUIRED OR AGREED TO BE ACQUIRED BEFORE OR DURING THE SHARE OFFER, WILL RESULT IN THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT HOLDING 50% OR LESS OF THE VOTING RIGHTS OF THE COMPANY, THE OFFERS WILL NOT BECOME UNCONDITIONAL AND WILL LAPSE. IF SHAREHOLDERS, CONVERTIBLE BONDHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.**

## DEFINITIONS

In this joint announcement, the following terms have the meanings set out below, unless the context requires otherwise:

- “2017 Convertible Bonds” means the 2017 March Convertible Bonds and the 2017 May Convertible Bonds;
- “2017 Convertible Bonds Offer” means the conditional mandatory general cash offer to be made by China Galaxy and Haitong International Securities on behalf of the Offeror in accordance with the Code to acquire the 2017 Convertible Bonds (other than those already owned by or agreed to be acquired by the Offeror and its Concerted Parties) in accordance with the terms and conditions described in this joint announcement, the Composite Document and the acceptance forms;
- “2017 March Convertible Bonds” means five per cent. (5%) coupon rate unsecured convertible bonds in the aggregate principal amount of up to HK\$344,745,000 due on 7 March 2017 issued by the Company on 8 September 2015 pursuant to the terms and conditions of the placing agreement dated 18 August 2015 and convertible into Shares at the conversion price of HK\$0.163;
- “2017 May Convertible Bonds” means five per cent. (5%) coupon rate unsecured convertible bonds in the aggregate principal amount of up to HK\$102,000,000 due on 19 May 2017 issued by the Company on 20 November 2015 pursuant to the terms and conditions of the placing agreement dated 30 October 2015 and convertible into Shares at the conversion price of HK\$0.163;
- “2020 Convertible Bonds” means zero coupon rate unsecured convertible bonds due on 24 September 2020 in the principal amount of HK\$100,000,000 and convertible into 500,000,000 Shares at the conversion price of HK\$0.20, also named as the convertible note in an aggregate principal amount of HK\$100,000,000 convertible into 500,000,000 conversion Shares issued on 25 September 2015;

“2020 Convertible Bonds Offer”	means the conditional mandatory general cash offer to be made by China Galaxy and Haitong International Securities on behalf of the Offeror in accordance with the Code to acquire the 2020 Convertible Bonds (other than those already owned by or agreed to be acquired by the Offeror or parties acting in concert with it) in accordance with the terms and conditions described in this joint announcement, the Composite Document and the acceptance forms;
“acting in concert”	has the meaning ascribed thereto in the Code;
“associate(s)”	has the meaning ascribed thereto under the Code;
“Board”	means the board of directors of the Company;
“BVI”	means British Virgin Islands;
“Buyer’s Guarantor”	means Credit China FinTech pursuant to the Share Sale and Purchase Agreement;
“China Galaxy”	means China Galaxy International Securities (Hong Kong) Co., Limited, a licenced corporation under the SFO, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, one of the Joint Financial Advisers to the Offeror in relation to the Offers;
“Code”	means the Hong Kong Code on Takeovers and Mergers;
“Company”	means Ping An Securities Group (Holdings) Limited, a company incorporated in Bermuda with limited liability and carrying on business in Hong Kong as PAN Securities Group Limited and listed on the Main Board of the Stock Exchange with Stock Code 231;

“Completion”	means completion of the purchase of the Sale Shares by the Offeror from the Sellers under the Share Sale and Purchase Agreement resulting in an obligation to make conditional mandatory general offers under the Code;
“Composite Document”	means the composite offer and response document to be jointly issued by or on behalf of the Offeror and the Company to all Shareholders (other than the Offeror and its Concerted Parties) and to all Convertible Bondholders in accordance with the Code containing, among other things, details of the Offers and the acceptance and transfer forms in respect of the Offers, the letter of advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offers, and the letter of advice of the Independent Board Committee to the Independent Shareholders as to whether the terms of the Offers are fair and reasonable and as to acceptance as may be revised or supplemented as appropriate;
“Concerted Parties”	means, in relation to a person, parties acting in concert with the person, as determined in accordance with the Code;
“Conversion Shares”	means the Shares which may be allotted and issued upon exercise of the conversion rights attaching to the New Convertible Bonds;
“Convertible Bondholders”	means the holders of the Existing Convertible Bonds from time to time;
“Convertible Bonds”	means the aggregate of the New Convertible Bonds and the Existing Convertible Bonds;
“Convertible Bonds Offers”	means the 2017 Convertible Bonds Offer and the 2020 Convertible Bonds Offer;
“Credit China FinTech”	means Credit China FinTech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8207);

“Credit China FinTech Group”	means Credit China FinTech together with its subsidiaries;
“Directors”	means the directors of the Company from time to time;
“Encumbrance”	means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or other security arrangement or any other arrangement having the same effect;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Existing Convertible Bonds”	means the 2017 March Convertible Bonds, the 2017 May Convertible Bonds and the 2020 Convertible Bonds;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“General Mandate”	means the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 1 June 2016 to allot, issue and/or deal with additional Shares representing up to the limit of 20% of Shares in issue on the date of the passing of the relevant resolution;
“Group” or “Group Companies”	means the Company and its subsidiaries from time to time and “Group Company” means any of them;
“Guarantor”	means Mr. Liang pursuant to the Share Sale and Purchase Agreement;

“Haitong International Capital”	means Haitong International Capital Limited, a licenced corporation under the SFO, registered to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, one of the Joint Financial Advisers to the Offeror in relation to the Offers;
“Haitong International Securities”	means Haitong International Securities Company Limited, a fellow subsidiary of Haitong International Capital, and is a licenced corporation to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the SFO, being the one of the agents making the Offers on behalf of the Offeror;
“Haitong Facility”	means a credit facility upto HK\$1,464 million granted by Haitong International Securities in favor of the Offeror;
“HK\$” or “HKD”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HongDa Financial”	means HongDa Financial Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1822);
“HongDa Financial Group”	means HongDa Financial together with its subsidiaries;
“Independent Board Committee”	means the independent board committee of the Board, comprising all the independent non-executive Directors which has been established for the purpose of making a recommendation to the Independent Shareholders and the Convertible Bondholders as to whether the Offers are fair and reasonable and as to acceptance;

“Independent Financial Adviser”	means the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers;
“Independent Shareholder(s)”	means holder(s) of the Shares, other than the Offeror and its Concerted Parties;
“Interim Report”	means the interim report of the Company for the six months ended 30 June 2016;
“Joint Financial Advisers”	means the two joint financial advisers to the Offeror together, namely China Galaxy and Haitong International Capital;
“Last Trading Day”	means 20 January 2017
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Madex”	means Madex International Company Limited, which is wholly owned by Mr. Liang;
“Mr. Cheung”	means Mr. Cheung Kam Fai, an executive Director;
“Mr. Liang”	means Mr. Liang Wenguan, a substantial shareholder of the Company as at the date of this joint announcement;
“Ms. Cui”	means Ms. Cui Xintong;
“New Convertible Bondholders”	means the holders of the New Convertible Bonds and from time to time;
“New Convertible Bonds”	means the convertible bonds in a principal amount of HK\$200 million to be issued by the Company to Topsource pursuant to the New CB Subscription Agreement;



“New CB Subscription Agreement”	means the subscription agreement dated 20 January 2017 entered into between the Company and Topsource in relation to the subscription of the New Convertible Bonds by Topsource;
“Offer(s)”	mean the Share Offer and the Convertible Bonds Offers and “Offer” means either of them;
“Offers Closing Date”	means the date to be stated in the Composite Document as the first offers closing date of the Offers, which is 21 calendar days after the posting of the Composite Document, or any subsequent offers closing date of the Offers as may be extended in accordance with the Code;
“Offeror”	means Well Up (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability;
“PRC”	means the People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale Shares”	means 6,911,498,463 Shares, representing approximately 36.58% of the entire issued share capital of the Company as at the date of this joint announcement;
“Sellers”	means Mr. Liang, Mr. Cheung and Madex pursuant to the Share Sale and Purchase Agreement;
“Several Corporate Guarantee”	means the guarantee and indemnity relating to the obligations of the Offeror under the Haitong Facility dated 20 January 2017 executed by Credit China FinTech and HongDa Financial as guarantors and Haitong International Securities as lender as more particularly described in the section headed “DISCLOSEABLE TRANSACTIONS FOR CREDIT CHINA FINTECH AND HONGDA FINANCIAL AND THE LISTING RULES/THE GEM LISTING RULES IMPLICATIONS” in this joint announcement;

“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means the ordinary share(s) of the Company of HK\$0.05 each;
“Shareholder(s)”	means registered holder(s) of the Shares from time to time;
“Share Offer”	means the conditional mandatory general cash offer by China Galaxy and Haitong International Securities on behalf of the Offeror to the Shareholders (other than the Offeror and its Concerted Parties) to acquire the entire issued share capital of the Company not already owned or agreed to be acquired by the Offeror and its Concerted Parties at the Share Offer Price in accordance with the terms described in this joint announcement, the Composite Document and the acceptance forms;
“Share Offer Price”	means HK\$0.096 per Share;
“Share Sale and Purchase Agreement”	means the Share Sale and Purchase Agreement dated 20 January 2017 and entered into among the Sellers, the Offeror, the Guarantor and the Buyer’s Guarantor in respect of the Sale Shares;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Topsource”	means Topsource International Holding Co., Limited (新融國際有限公司), which is wholly owned by Xinhua Publishing; and
“Xinhua Publishing”	means Shanghai Xinhua Publishing Group Limited (上海新華發行集團有限公司).

By order of the board  
**Well Up (Hong Kong) Limited**  
**Phang Yew Kiat**  
*Director*

By order of the Board  
**Ping An Securities Group (Holdings) Limited**  
**Nijssen Victoria**  
*Executive Director*

By order of the board  
**HongDa Financial Holding Limited**  
**Deng Shufen**  
*Chairman and Executive Director*

By order of the board  
**Credit China FinTech Holdings Limited**  
**Phang Yew Kiat**  
*Chief Executive Officer*

Hong Kong, 20 January 2017

\* *for identification purpose only*

*As at the date of this joint announcement, the Board comprises Mrs. Nijssen Victoria and Mr. Cheung Kam Fai as executive Directors; and Dr. Dong Ansheng, Mr. Wong Yee Shuen, Wilson and Mr. Tsang Wah Kwong as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and the parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror, HongDa Financial, Credit China FinTech and Charm Success Group Limited, have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the directors of Well Up (Hong Kong) Limited are Mr. Phang Yew Kiat, Mr. Lin Hongqiao and Ms. Cui.*

*The directors of Well Up (Hong Kong) Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group, the Sellers, HongDa Financial, Credit China FinTech and Charm Success Group Limited) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors, the directors of HongDa Financial, Credit China FinTech and Charm Success Group Limited) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the board of HongDa Financial comprises Ms. Deng Shufen, Ms. Wu Qiong and Ms. Liu Jianguan as executive directors; Mr. Ho Kin Cheong Kelvin as non-executive director; and Mr. Fang Jun, Mr. Wong Yiu Kit, Ernest and Mr. Zhao Xianming as independent non-executive directors.*

*The directors of HongDa Financial jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group and the Sellers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors and the directors of Credit China FinTech and Charm Success Group Limited) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the executive directors of Credit China FinTech are Mr. Phang Yew Kiat, Mr. Chng Swee Ho and Mr. Sheng Jia; the non-executive directors are Mr. Li Mingshan, Mr. Li Gang, Mr. Wong Sai Hung, Mr. Zhang Zhenxin and Ms. Zhou Youmeng; and the independent non-executive directors are Mr. Ge Ming, Dr. Ou Minggang, Mr. Wang Wei and Dr. Yin Zhongli.*

*The directors of Credit China FinTech jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group, the Sellers, HongDa Financial and Charm Success Group Limited) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors and the directors of HongDa Financial and Charm Success Group Limited) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the directors of Charm Success Group Limited are Ms. Cui and Ms. Chai Xiu.*

*The directors of Charm Success Group Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group and the Sellers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors and directors of Credit China Fintech and HongDa Financial) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*