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**PROPOSED OPEN OFFER ON THE BASIS OF
ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES
HELD ON THE RECORD DATE**

Underwriter

ZHONGTAI INTERNATIONAL SECURITIES LIMITED

PROPOSED OPEN OFFER

The Board is pleased to announce that on 5 May 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and certain other arrangements in relation to the Open Offer.

The Company proposes to carry out the Open Offer on the basis of one Offer Share for every two Shares held on the Record Date. The Open Offer involves the allotment and issue of not less than 2,287,947,142 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,382,746,363 Offer Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and convertible notes, but no other Shares are issued and no repurchase of Shares on or before the Record Date) at a price of HK\$0.100 per Offer Share.

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder. In order to be registered as a member of the Company in Hong Kong on the Record Date, any transfer of Shares (together with the relevant Share certificates) must be lodged with the Registrar for registration by 4:30 p.m. on Friday, 19 May 2017. The register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017 (both days inclusive) to determine the eligibility of Qualifying Shareholders. Such Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements.

The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$221.5 million, assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date. The Company plans to use (i) as to approximately HK\$25.0 million for expansion of its money lending business in Hong Kong; (ii) as to approximately HK\$20.0 million for expansion of its factoring business in the PRC; (iii) as to approximately HK\$5.0 million for expansion of its further development of channels for insurance brokerage business; (iv) as to approximately HK\$21.5 million for general working capital of the Group; and (v) as to approximately HK\$150.0 million for future investment.

As at the date of this announcement, Eastern Spring, which is beneficially and wholly-owned by Mr. Liu, is the legal and beneficial owner of 538,500,000 Shares. Eastern Spring has given an irrevocable undertaking on the date of the Underwriting Agreement to the Company and Zhongtai that, among other things, (1) Eastern Spring will accept or procure the acceptance by its respective nominees for 269,250,000 Offer Shares to which Eastern Spring will be offered pursuant to the terms of the Open Offer; (2) 538,500,000 Shares will remain registered in the name of Eastern Spring at the close of business on the Record Date as they were registered on the date of the Irrevocable Undertaking; and (3) Eastern Spring will accept and apply for those 269,250,000 Offer Shares and the application will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance.

The Open Offer will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the date of this announcement, the Open Offer is not subject to the approval of the Shareholders at the general meeting.

GENERAL

The Prospectus Documents setting out details of the Open Offer are expected to be despatched to the Qualifying Shareholders on or about Friday, 26 May 2017. The Company will send the Prospectus to the Excluded Shareholders for information only.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED OPEN OFFER

The Board is pleased to announce that on 5 May 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and certain other arrangements in relation to the Open Offer. Details of the proposed Open Offer are set out as follows:

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price of the Offer Share:	HK\$0.100 per Offer Share
Number of Shares in issue as at the date of this announcement:	4,575,894,284 Shares
Number of Offer Shares:	not less than 2,287,947,142 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,382,746,363 Offer Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and convertible notes, but no other Shares are issued and no repurchase of Shares on or before the Record Date) to be issued pursuant to the Open Offer

As at the date of this announcement, save as (i) the Share Options granted under the Share Option Scheme entitling the holders to subscribe for a total of 157,748,000 Shares upon full exercise of such options; and (ii) the convertible notes issued by the Company which will require the Company to allot and issue 31,850,442 Shares upon conversion in full, the Company had no other outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

The Offer Shares to be issued pursuant to the terms of the Open Offer represent 50.0% of the existing issued share capital of the Company or the enlarged issued share capital of the Company upon full exercise of all outstanding Share Options and convertible note (as the case may be) and approximately 33.3% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

Subscription Price

The Subscription Price is HK\$0.100 per Offer Share, payable in full upon application of the relevant assured allotment of the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 58.7% to the closing price of HK\$0.242 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 58.8% to the average of the closing prices of approximately HK\$0.243 per Share as quoted on the Stock Exchange for the last five consecutive trading days including and up to the Last Trading Day;

- (iii) a discount of approximately 59.0% to the average of the closing prices of approximately HK\$0.244 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including and up to the Last Trading Day;
- (iv) a discount of approximately 48.7% to the theoretical ex-entitlement price of approximately HK\$0.195 per Share calculated based on the closing price of HK\$0.242 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 8.7% over the audited consolidated net asset value per Share of approximately HK\$0.092 (based on the latest published audited net asset value of the Group of HK\$422,003,000 as at 31 December 2016 and 4,575,894,284 Shares in issue as at the date of this announcement).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares, the market conditions, the substantial loss of the Company in the financial year ended 31 December 2016, the theoretical ex-entitlement price on the Last Trading Day, the ongoing business development of the Company, the financial position of the Group and having considered the reasons as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in this announcement. Given that (i) the Group intends to explore other opportunities to expand and develop its businesses especially in the financial service related industry; and (ii) the Directors consider that under the Open Offer, each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company and that the discount of the Subscription Price will lower the further investment cost of the Qualifying Shareholders and encourages them to participate in the Open Offer, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, no Application Form will be sent to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, any transfer of Shares (together with the relevant Share certificates) must be lodged with the Registrar for registration by 4:30 p.m. on Friday, 19 May 2017. The address of the Registrar is at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than that in Hong Kong (to the extent required under the applicable law).

The Directors will make enquiries pursuant to Rule 13.36(2) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange in respect of the issue of the Offer Shares to Overseas Shareholders whose address on the register of members of the Company is in a place outside Hong Kong on the Record Date. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders.

The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus. The Company will send the Overseas Letter together with the Prospectus for information only, but will not send any Application Form to the Excluded Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of allotment

The basis of the allotment shall be one Offer Share for every two Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for. The Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when being allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares.

Closure of register of members of the Company

The register of members of the Company will be closed from Monday, 22 May 2017 to Thursday, 25 May 2017, both days inclusive, to determine the eligibility of Qualifying Shareholders. No transfer of Shares will be registered during this period.

Certificates of the Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, certificates for the fully-paid Offer Shares are expected to be despatched on or before Wednesday, 21 June 2017 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Wednesday, 21 June 2017 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

After arm's length negotiation with the Underwriter, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlement. The Board has taken into account the following factors before concluding no excess application will be arranged in the Open Offer:

- (i) the Open Offer allows the Qualifying Shareholders to maintain their respective pro-rata shareholding in the Company;
- (ii) the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Offer Shares and participate in the Open Offer;
- (iii) the Qualifying Shareholders are entitled to decide whether to accept the Open Offer;
- (iv) the absence of excess application would avoid additional effort and costs (estimated to be approximately HK\$250,000) to administer the excess application procedures; and
- (v) excess application may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications with a view of obtaining excess allocation of the Offer Shares.

Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Fractional entitlements

Entitlement to Offer Shares will be rounded down to the nearest whole number and no fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares in board lots of 4,000 Shares, which are registered in the register of member of the Company will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENT

Mr. Liu, on behalf of the Company, approached a few potential underwriters, including Zhongtai, in relation to the Open Offer. After negotiations with the potential underwriters on the identical terms of the Open Offer (including, but not limited to, the size of the Open Offer (the proposal to raise funds of approximately HK\$221.5 million), Subscription Price, underwriting commission, underwriting arrangement, the dilution effect on the Shareholders and the proposed timetable of the Open Offer), all potential underwriters, except Zhongtai, did not proceed with further discussion of the proposal. As a result, Zhongtai becomes the sole underwriter of the Open Offer.

Irrevocable Undertaking from Eastern Spring

As at the date of this announcement, Eastern Spring, which is beneficially and wholly-owned by Mr. Liu, is the legal and beneficial owner of 538,500,000 Shares. Eastern Spring has given an irrevocable undertaking on the date of the Underwriting Agreement to the Company and Zhongtai that, among other things, (1) Eastern Spring will accept or procure the acceptance by its respective nominees for 269,250,000 Offer Shares to which Eastern Spring will be offered pursuant to the terms of the Open Offer; (2) 538,500,000 Shares will remain registered in the name of Eastern Spring at the close of business on the Record Date as they were registered on the date of the Irrevocable Undertaking; and (3) Eastern Spring will accept and apply for those 269,250,000 Offer Shares and the application will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance.

In the event that Eastern Spring fails to comply with the undertakings given above, Eastern Spring irrevocably and unconditionally authorises and shall procure its nominees to authorise the Company to treat the Irrevocable Undertaking as an application by Eastern Spring, on and subject to the terms and conditions and on the basis of the information contained in the Prospectus Documents (other than the time of application and payment), for such 269,250,000 Shares which have not been taken up and to allot and issue the same to the Eastern Spring upon such terms and conditions.

Save as disclosed above, as at the date of this announcement, the Company has not received any information from or undertaking provided by any other substantial shareholders of the Company of their intention to take up the Offer Shares to be offered to them.

Underwriting Agreement

Date: 5 May 2017 (after trading hours)

Parties: (i) the Company; and
(ii) Zhongtai (the Underwriter).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongtai, a licensed corporations to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, and its ultimate beneficial owners and associates are Independent Third Parties. As at the date of this announcement, Zhongtai is not interested in any Shares.

Underwritten Shares: Not less than 2,018,697,142 Offer Shares (other than those Offer Shares comprising Eastern Spring's entitlement and assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,113,496,363 Offer Shares (other than those Offer Shares comprising Eastern Spring's entitlement and assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and convertible notes, but no other Shares are issued and no repurchase of Shares on or before the Record Date), being all the Offer Shares, the actual number of which shall be determined on the Record Date.

Underwriting commission:

The Company shall pay to Zhongtai an underwriting commission in Hong Kong dollars of 2.3% of the aggregate Subscription Price in respect of the Underwritten Shares.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter. The Directors are of the view that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares:

- (i) Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert with it in the Company to be 10.0% or more of the issued share capital of the Company after the Open Offer;
- (ii) the Underwriter shall ensure that none of the subscribers of the Underwritten Shares will become a substantial shareholder of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 10.0% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares;
- (iii) the Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Underwritten Shares (including any direct and indirect placees), shall be Independent Third Party not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries and their respective associates; and
- (iv) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer, the Underwriter agree to provide reasonable assistances to the Company so as to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

- (a) the Company despatching the Prospectus Documents to the Qualifying Shareholders and if required by or in compliance with the Listing Rules, the Prospectus to the Excluded Shareholders (if any) for information purpose only on or before the Prospectus Posting Date;

- (b) the Listing Committee having granted or having agreed to grant in principle (subject to such conditions as imposed by the Stock Exchange) the listing of and permission to deal in all the Offer Shares, and such listing and permission not subsequently being revoked or withdrawn before the Latest Time for Termination;
- (c) the filing and registration of the Prospectus Documents (with all the documents required to be attached thereto all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of two Directors (or by their agents duly authorised in writing)), with the Registrar of Companies in Hong Kong in accordance with the Companies (WUMP) Ordinance no later than the Prospectus Posting Date;
- (d) the compliance with and performance of all undertakings and obligations of the Company and the Underwriter under the Underwriting Agreement;
- (e) the compliance with and performance of all undertakings and obligations of Eastern Spring under the Irrevocable Undertaking; and
- (f) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

Save for (i) the above conditions under (a), (b), (c) and (e) cannot be waived by either party; (ii) the above condition under (d) (to the extent which is relating to the Underwriter) can only be waived by the Company; and (iii) the above condition under (d) (to the extent which is relating to the Company) can only be waived by the Underwriter, the Company and the Underwriter may jointly, at any time, waive any of the relevant conditions (in whole or in part) or extend the deadline for the fulfilment of such conditions by such number of days or in such manner as the parties may agree.

If any of the conditions of the Open Offer is not satisfied and/or waived in whole or in part at or prior to the respective time stipulated therein or prior to 31 July 2017 (whichever is later), the Underwriting Agreement shall be terminated.

Termination of the Underwriting Agreement

The Underwriter may in its absolute discretions terminate the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination (or such other time as may be agreed between the Company and the Underwriter), if at or prior to such time:

- (i) the Underwriter become aware of the fact that there shall develop, occur, exist or come into effect:
 - (a) any new law or regulation or any significant change in existing laws or regulations in Hong Kong or any other place that is the place of incorporation of the Company, or in which the Company conducts or carries on business; or

- (b) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
- (c) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the reasonable opinion of the Underwriter acting in good faith, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer; or

- (ii) there comes to the notice of the Underwriter that the Company has committed any breach of or omits to observe any of its obligations or undertakings under the Underwriting Agreement, and such breach or omission will have a material and adverse effect of the business, financial or trading position or prospect of the Company or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If the Underwriter give a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Open Offer will not proceed.

INFORMATION ON EASTERN SPRING

Eastern Spring is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Liu, an executive Director and the chairman of the Board. The principal business activity of Eastern Spring is investment holding.

At the date of this announcement, other than approximately 11.8% interests in the issued share capital of the Company, Eastern Spring does not hold or has control or direction over any other Shares, rights over Shares, convertible securities, warrants or options of the Company.

As at the date of this announcement, save for the Irrecoverable Undertaking, there is no arrangement or agreement to which Eastern Spring 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 Open Offer (other than those listed under the section headed “Conditions of the Open Offer”) and/or the Underwriting Agreement.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in investment holding, industrial property development, general trading of consumable goods, securities brokerage, insurance brokerage, asset management and loan financing operation includes loan financing, loan referral and consultancy services.

According to the annual report of the Company for the year ended 31 December 2016 (the “2016 Annual Report”), the de-consolidation of two subsidiaries which were principally engaged in the pawn broking and money lending business in the PRC had resulted in a net loss of approximately HK\$324.5 million. For detailed explanation of the de-consolidation, please refer to the 2016 Annual Report. As stated in the announcement of the Company dated 23 February 2017, the arbitration cases in relation to Xinsheng and Zhongyuan were suspended as (i) the counter-parties were involved in a criminal investigation conducted by one public security authority of Shanghai City, PRC; and (ii) the shares of Xinsheng and Zhongyuan were frozen by the PRC public security authority. As at the date of this announcement, neither the Company nor the PRC legal advisers to the Company have received any notification from the Shanghai Arbitration Commission as to the resumption of the arbitration cases. Given the uncertainty of the outcome of the arbitration, the Board is unable to assess the likelihood of regaining the control of the de-consolidated subsidiaries.

The Directors are of the view that after the de-consolidation, the Group should actively develop other existing businesses of the Company, particularly businesses in the financial service relating industry. As such, the Group intends to explore other opportunities to expand and develop its businesses especially in the financial service related industry. The Open Offer will enable the Company to raise funds and provide the Company with the financial flexibility necessary for such businesses of the Group as and when suitable opportunities arise and compensate the net loss of de-consolidation of the said subsidiaries as well as improve the overall financial position of the Group. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders to participate in the growth of the Company in proportion to their shareholdings.

To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group. As such, when formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to improve the financial strength and position of the Group to capture the opportunity for future expansion should suitable investment opportunities arise.

The Company has considered the following fundraising alternatives in comparison to the Open Offer:

Fundraising alternatives	Reason(s) for not adopting the fundraising alternatives
(i) Placing of new Shares	The Board is of the view that placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders.
(ii) Debt financing	The Company considers that favourable terms in relation to debt financing on a timely basis may not be achievable under the loss-making position of the Group and it will result in additional interest burden, higher gearing ratio of the Group and the Group will be subject to repayment obligations.
(iii) Rights issue	The Company is of the view that rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights sold in rights issue.
(iv) Disposal of assets	The major disposable assets of the Company is the warehouse of the Company, which is attributable to a stable revenue to the Company. Therefore, the Board is of the view that it is not in the interests of the Shareholders to dispose the warehouse in order to raise funds.

After considering the fundraising alternatives mentioned above and taking into account the benefits and cost of each of the alternatives, the Board is of the view that the Open Offer is more cost effective and efficient and beneficial to the Company and the Shareholders as a whole.

The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

In the view of the above, the Directors consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer.

Net proceeds of approximately HK\$221.5 million will be allocated as follows:

- (i) HK\$25.0 million for expansion of money lending business in Hong Kong;
- (ii) HK\$20.0 million for expansion of factoring business in the PRC;
- (iii) HK\$5.0 million for expansion of further development of channels for insurance brokerage business;
- (iv) HK\$21.5 million for general working capital in HK (estimated rent, salary, administration expenses, etc. are approximately HK\$3.5 million in aggregate per month); and
- (v) HK\$150.0 million for future investment. The Company identified a target company incorporated in PRC with principal activity of financing guarantee as a potential investment. According to the preliminary understanding of the Board, its registered capital is RMB200.0 million.

In the view of the Board, the fund raised from the Open Offer is sufficient for the operation and development of the Company in the next 12 months, assuming (i) the net proceeds are used and allocated according to the detailed plan mentioned above; and (ii) unless other business development opportunities are identified. Save as disclosed, the Company does not have any concrete or initial intention or plan, or have entered into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether expressed or implied), and negotiation (whether concluded or not) on any other corporate actions and/or equity fundraising activities and/or issue(s) of equity securities in the next 12 months that may affect the trading of the Shares.

EXPECTED TIMETABLE OF THE OPEN OFFER

Set out below is the expected timetable of the Open Offer:

Event	(Hong Kong time)
Last day of dealings in Shares on a cum-entitlement basis	Wednesday, 17 May 2017
First day of dealings in Shares on an ex-entitlement basis	Thursday, 18 May 2017
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Friday, 19 May 2017
Register of members of the Company closes (both days inclusive)	Monday, 22 May 2017 to Thursday, 25 May 2017
Record Date	Thursday, 25 May 2017
Register of members of the Company re-opens	Friday, 26 May 2017
Despatch of the Prospectus Documents	Friday, 26 May 2017

Event **(Hong Kong time)**

Latest time for Acceptance of, and payment
of Offer Shares 4:00 p.m. on Monday, 12 June 2017

Latest time for Open Offer to
become unconditional 4:00 p.m. on Tuesday, 13 June 2017

Announcement of results of acceptance
of the Offer Shares Tuesday, 20 June 2017

Despatch of Share certificates for Offer Shares
or refund cheques if terminated Wednesday, 21 June 2017

Dealings in Offer Shares commence 9:00 a.m. on Thursday, 22 June 2017

All times and dates stated above refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds as stated in the announcement	Actual use of net proceeds/Remarks
4 July 2016	the subscription of 452,810,000 Shares at HK\$0.27 per Shares	Approximately 121.5 million	For the development of factoring finance services and/or for such other investment opportunities which may be identified by the Company from time to time.	HK\$50.0 million was used for the settlement of an acquisition which was completed on 22 December 2016. HK\$30.0 million is payable upon fulfillment of profit guarantees in 2017 and 2018. The remaining net proceeds has not been utilised and it will be used as intended.

Saved as disclosed above, the Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

In the view of the Board, the fund raised from the Open Offer is sufficient for the operation and development of the Company in the next 12 months, assuming (i) the net proceeds are used and allocated as detailed in the section headed “Reasons for the Open Offer and use of proceeds”; and (ii) unless other business development opportunities are identified.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company as of the date of this announcement, after the Directors having making reasonable enquiries and assuming there is no other changes in the shareholding structure of the Company since the date of this announcement:

Scenario 1

Assuming no further issue of new Shares on or before the Record Date:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after completion of the Open Offer assuming the Offer Shares are 2,287,947,142 Shares			
	<i>Number of Shares</i>	<i>Approximate %</i>	(a) Assuming no Qualifying Shareholders (other than Eastern Spring) take up their respective entitlements under the Open Offer		(b) Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Eastern Spring (<i>Note 1</i>)	538,500,000	11.8%	807,750,000	11.8%	807,750,000	11.8%
Zhongtai or the subscribers procured by Zhongtai (<i>Note 2</i>)	–	–	2,018,697,142	29.4%	–	–
Other public Shareholders	4,037,394,284	88.2%	4,037,394,284	58.8%	6,056,091,426	88.2%
Total	4,575,894,284	100.0%	6,863,841,426	100.0%	6,863,841,426	100.0%

Scenario 2

Assuming all the outstanding Share Options and convertible notes are exercised and no other issue of new Shares on or before the Record Date:

Shareholders	(i) As at the date of this announcement		(ii) Assuming all outstanding Share Options and convertible notes are exercised on or before the Record Date		(iii) Immediately after completion of the Open Offer assuming the Offer Shares are 2,382,746,363 Shares			
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	(a) Assuming no Qualifying Shareholders (other than Eastern Spring) take up their respective entitlements under the Open Offer		(b) Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Eastern Spring (<i>Note 1</i>)	538,500,000	11.8%	538,500,000	11.3%	807,750,000	11.3%	807,750,000	11.3%
Zhongtai or the subscribers procured by Zhongtai (<i>Note 2</i>)	-	-	-	-	2,113,496,363	29.6%	-	-
Other public Shareholders	4,037,394,284	88.2%	4,226,992,726	88.7%	4,226,992,726	59.1%	6,340,489,089	88.7%
Total	4,575,894,284	100.0%	4,765,492,726	100.0%	7,148,239,089	100.0%	7,148,239,089	100.0%

Notes:

1. Eastern Spring has given the Irrevocable Undertaking to take up all the Offer Shares that it is entitled to under the Open Offer;
2. The scenarios are for illustration purpose only and will not occur.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with Rule 8.08(1)(a) of the Listing Rules.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the date of this announcement, the Open Offer is not subject to the approval of the Shareholders at the general meeting.

GENERAL

The Prospectus Documents setting out details of the Open Offer are expected to be despatched to the Qualifying Shareholders on or about Friday, 26 May 2017. The Company will send the Prospectus to the Excluded Shareholders for information only.

DEFINITIONS

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

“Application Form(s)”	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for business other than a Saturday or Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Greater China Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listing on Main Board of the Stock Exchange (Stock Code:431)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“Eastern Spring”	Eastern Spring Global Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Liu. As at the date of this announcement, it is the beneficial owner of 538,500,000 Shares, representing approximately 11.8% of the issued share capital of the Company

“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Open Offer to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company or any of its connected persons
“Irrevocable Undertaking”	an irrevocable undertaking dated 5 May 2017 and given by Eastern Spring in favour of the Company and Zhongtai, further details of which are set out in the paragraph headed “Irrevocable Undertaking from Eastern Spring” in the section headed “Underwriting Arrangement” in this announcement
“Last Trading Day”	5 May 2017, being the last trading day for the Shares before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 12 June 2017 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the Tuesday, 13 June 2017, being the first Business Day after (but excluding) the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Liu”	Mr. Liu Kequan, an executive Director, chairman of the Board and the sole shareholder of Eastern Spring
“Offer Share(s)”	Not less than 2,287,947,142 Shares and not more than 2,382,746,363 Shares proposed to be offered to the Qualifying Shareholders under the Open Offer for subscription on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and payable in full on acceptance pursuant to the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Overseas Letter”	a letter to be issued by the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form in respect of the Offer Shares to be issued by the Company in relation to the Open Offer
“Prospectus Posting Date”	Friday, 26 May 2017 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company on the Record Date

“Record Date”	Thursday, 25 May 2017 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Option(s)”	the option(s) granted or proposed to be granted to the grantees under the Share Option Scheme to subscribe for Shares on or before the Record Date
“Share Option Scheme”	the share option scheme adopted by the Shareholders on 20 June 2011
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.100 per Offer Share at which the Offer Shares are proposed to be offered for subscription
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Underwriter” or “Zhongtai”	Zhongtai International Securities Limited, a company incorporated in Hong Kong and a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 5 May 2017 entered into between the Company and the Underwriter in relation to the Open Offer

“Underwritten Shares”	not less than 2,018,697,142 Shares (other than those Offer Shares comprising Eastern Spring’s entitlement and assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,113,496,363 Shares (other than those Offer Shares comprising Eastern Spring’s entitlement and assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options and convertible notes, but no other Shares are issued and no repurchase of Shares on or before the Record Date), being all the Offer Shares, the actual number of which shall be determined on the Record Date
“Xinsheng”	上海新盛典當有限公司 (Shanghai Xinsheng Pawnshop Limited*)
“Zhongyuan”	上海中源典當有限公司 (Shanghai Zhongyuan Pawnshop Company Limited*)
“%”	per cent.

By order of the Board of
Greater China Financial Holdings Limited
Liu Kequan
Chairman

Hong Kong, 5 May 2017

As at the date of this announcement, the Board comprises Mr. Liu Kequan and Mr. Zhang Peidong as executive Directors and Mr. Kwan Kei Chor, Dr. Rui Mingjie, Mr. Zhou Liangyu and Dr. Lyu Ziang as independent non-executive Directors.

* *For identification purpose only*