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(Incorporated in Hong Kong with limited liability)

(Stock Code: 21)

**(I) CONNECTED TRANSACTION:
LOAN CAPITALISATION;
AND
(II) POSSIBLE PLACING OF SHARES**

Financial adviser to the Company



INCUC Corporate Finance Limited

LOAN CAPITALISATION

On 14 July 2015 (after trading hours), the Company entered into the Settlement Agreement with Mr. Huang, pursuant to which the Company has conditionally agreed to allot and issue the Settlement Shares and Mr. Huang has conditionally agreed to subscribe for up to 714,285,714 Settlement Shares at the Subscription Price of HK\$0.28 per Settlement Share by capitalising up to HK\$200,000,000 of the amount outstanding under the Loan, subject to the terms and conditions set out in the Settlement Agreement. As at the date of the Settlement Agreement, the Group was indebted to Mr. Huang in the sum of approximately HK\$272.23 million.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 714,285,714 Settlement Shares to be allotted and issued represent (i) approximately 21.56% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 17.74% of the entire issued share capital as enlarged by the allotment and issue of the maximum number of the Settlement Shares.

The Subscription Price of HK\$0.28 per Settlement Share represents (i) a premium of approximately 12.00% over the closing price of HK\$0.25 per Share as quoted on the Stock Exchange as at the date of this announcement; (ii) a premium of approximately 27.27% over the average of the closing prices per Share of approximately HK\$0.22 for the five consecutive trading days immediately prior to the date of this announcement; and (iii) a premium of approximately 7.69% over the average of the closing prices per Share of approximately HK\$0.26 for the ten consecutive trading days immediately prior to the date of this announcement.

POSSIBLE PLACING OF SHARES

Immediately after the allotment and issue of the maximum number of the Settlement Shares, Mr. Huang, Ms. Huang and Brilliant China will in aggregate hold approximately 79.09% of the entire issued share capital of the Company and the shareholding held by the public Shareholders may fall below 25%. Pursuant to the public float requirement under Rule 8.08 (1)(a) of the Listing Rules, the public Shareholders, at all times, must at least hold 25% of the total issued share capital of the Company.

In order to comply with the public float requirement under the Listing Rules, which is also one of the conditions precedent of the Settlement Agreement, the Company may place new Shares or procure Mr. Huang to place down part of his existing Shares to Independent Third Party(ies). Further announcement(s) will be made as and when appropriate.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Huang is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a controlling shareholder of the Company, an executive Director and the father of Ms. Huang, an executive Director. Therefore, the Loan Capitalisation constitutes a non-exempt connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders (i) as to whether the terms of the Settlement Agreement are fair and reasonable; (ii) whether the Settlement Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (iii) on how to vote in respect of the Settlement Agreement and the allotment and issue of the Settlement Shares under the Specific Mandate. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Loan Capitalisation; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Loan Capitalisation and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 14 August 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

In accordance with the Listing Rules, Mr. Huang and Ms. Huang are regarded as having material interest in the Loan Capitalisation and therefore they have abstained from voting on the relevant board resolutions for considering and approving the Settlement Agreement and the allotment and issue of the Settlement Shares under the Specific Mandate. In addition, Mr. Huang, Ms. Huang, Brilliant China and their respective associates are regarded as having material interest in the Loan Capitalisation and therefore they are required to abstain from voting at the EGM on the resolution(s) in respect of the Settlement Agreement and allotment and issue of Settlement Shares under the Specific Mandate.

As the Loan Capitalisation is subject to the fulfillment of the conditions precedent as set out in the Settlement Agreement and, as at the date of this announcement, no agreement in relation to the Possible Placing has been entered into, the Loan Capitalisation and the Possible Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

On 14 July 2015 (after trading hours), the Company entered into the Settlement Agreement with Mr. Huang, pursuant to which the Company has conditionally agreed to allot and issue the Settlement Shares and Mr. Huang has conditionally agreed to subscribe for up to 714,285,714 Settlement Shares at the Subscription Price of HK\$0.28 per Settlement Share by capitalising up to HK\$200,000,000 of the amount outstanding under the Loan owed by the Group to Mr. Huang.

Set out below are the principal terms of the Settlement Agreement.

THE SETTLEMENT AGREEMENT

Pursuant to the Settlement Agreement, the Company, as the issuer, has conditionally agreed to allot and issue and Mr. Huang, as the subscriber, has conditionally agreed to subscribe for up to 714,285,714 Settlement Shares at the Subscription Price of HK\$0.28 per Settlement Share. As at the date of this announcement, Mr. Huang is an executive Director, a controlling shareholder of the Company and the father of Ms. Huang, the executive Director, and therefore is a connected person of the Company.

The subscription price payable by Mr. Huang will be satisfied by capitalising up to HK\$200,000,000 of the amount outstanding under the Loan due from the Group to Mr. Huang.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 714,285,714 Settlement Shares to be allotted and issued represent (i) approximately 21.56% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 17.74% of the entire issued share capital as enlarged by the allotment and issue of the maximum number of the Settlement Shares.

Conditions of the Settlement Agreement

Completion is conditional upon the following conditions precedent being fulfilled:

- (i) the listing committee of the Stock Exchange granting the listing of and permission to deal in the Settlement Shares to be allotted and issued;
- (ii) the Settlement Agreement and the allotment and issue by the Company of the Settlement Shares under the Specific Mandate being approved by the Independent Shareholders at the EGM; and

- (iii) at least 25% (or such other percentage of public float as may from time to time be required under the Listing Rules) of the Shares being at all times held by the public (as defined in the Listing Rules).

If the conditions specified above are not fulfilled on or before the Long Stop Date, the Settlement Agreement shall immediately be terminated and thereafter no party thereto shall have any claims against or liabilities or obligations to the other party save in respect of any antecedent breaches.

Completion

Completion shall take place on the Completion Date or such other date as Mr. Huang and the Company may agree in writing.

Specific Mandate to issue the Settlement Shares

The Settlement Shares will be issued under the Specific Mandate. The Specific Mandate, if approved, will be valid until Completion or the termination of the Settlement Agreement, whichever is earlier.

Subscription Price of the Settlement Shares

The Subscription Price of HK\$0.28 per Settlement Share was arrived at after arm's length negotiations between the Company and Mr. Huang having taken into account the prevailing Share prices. The Subscription Price of HK\$0.28 per Settlement Share represents:

- (i) a premium of approximately 12.00% over the closing price of HK\$0.25 per Share as quoted on the Stock Exchange as at the date of this announcement;
- (ii) a premium of approximately 27.27% over the average of the closing prices per Share of approximately HK\$0.22 for the five consecutive trading days immediately prior to the date of this announcement; and
- (iii) a premium of approximately 7.69% over the average of the closing prices per Share of approximately HK\$0.26 for the ten consecutive trading days immediately prior to the date of this announcement.

Ranking of the Settlement Shares

The Settlement Shares, if and when allotted and issued upon Completion, will rank *pari passu* in all respects with the existing Shares in issue.

Listing

An application will be made by the Company to the listing committee of the Stock Exchange for the granting of the listing of and permission to deal in the Settlement Shares.

REASONS FOR AND BENEFITS OF THE LOAN CAPITALISATION

The Company is an investment holding company. The principal business activities of the Group are property development and investment and investment holding.

In order to support the business expansion and operation of the Group, Mr. Huang has advanced a number of shareholder's loans to the Group. As at the date of this announcement, the Group is indebted to Mr. Huang the Loan amounting to approximately HK\$272.23 million, which is unsecured, interest-free and payable on demand.

The Directors consider that the Loan Capitalisation will enlarge the capital base of the Company and will reduce the gearing level of the Group thereby strengthening the financial position of the Group. The existing material liabilities of the Group will also be substantially settled without affecting the working capital of the Group.

Accordingly, the Directors (excluding the members of the Independent Board Committee who will express their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Settlement Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING AND POSSIBLE PLACING FOR MAINTAINING PUBLIC FLOAT

The existing shareholding structure of the Company and the changes in the shareholding structure of the Company (i) immediately after the allotment and issue of the maximum number of Settlement Shares, i.e. 714,285,714 Shares (assuming that there are no exercises

of the Share Options (as defined in Note 5 below) and the Put Option (as defined in Note 6 below), and there are no other changes to the issued share capital from the date of this announcement to the Completion Date); and (ii) immediately after the allotment and issue of the maximum number of Settlement Shares, i.e. 714,285,714 Shares (assuming that there are full exercises of the Share Options held by connected persons of the Company including Directors and the Put Option, and there are no other changes to the issued share capital from the date of this announcement to the Completion Date) are as follows:

	As at the date of this announcement and immediately before Completion		Immediately after the allotment and issue of the maximum number of the Settlement Shares with no exercises of the Share Options and the Put Option (for illustrative purpose only) (Note 1)		Immediately after the allotment and issue of the maximum number of the Settlement Shares with full exercises of the Share Options held by connected persons of the Company including Directors and the Put Option (for illustrative purpose only) (Note 1)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Shareholders						
Mr. Huang (Notes 2 and 5)	1,834,672,476	55.38	2,548,958,190	63.30	2,563,448,190	63.58
Ms. Huang (Notes 3 and 5)	353,667,996	10.68	353,667,996	8.78	354,667,996	8.80
Brilliant China (Note 4)	282,133,413	8.52	282,133,413	7.01	282,133,413	7.00
Sub-total	<u>2,470,473,885</u>	<u>74.58</u>	<u>3,184,759,599</u>	<u>79.09</u>	<u>3,200,249,599</u>	<u>79.38</u>
Other Directors (Note 5)	-	-	-	-	3,000,000	0.07
CCBI (Note 6)	13,490,000	0.41	13,490,000	0.33	-	-
Other public Shareholders (Note 5)	828,734,521	25.01	828,734,521	20.58	828,734,521	20.55
Total	<u>3,312,698,406</u>	<u>100.00</u>	<u>4,026,984,120</u>	<u>100.00</u>	<u>4,031,984,120</u>	<u>100.00</u>

Notes:

1. The above changes in the shareholding structure are solely for illustrative purpose. The allotment and issue of the Settlement Shares is subject to satisfaction of the public float requirement under Rule 8.08 (1)(a) of the Listing Rules.
2. Mr. Huang is an executive Director and the chairman of the Board.
3. Ms. Huang is an executive Director and the chief executive officer of the Company.

4. Brilliant China is wholly owned by Ms. Huang.
5. At the date of this announcement, there are 5,500,000 outstanding share options (the “**Share Options**”) granted under the share option scheme adopted by the Company on 23 May 2011, in which 1,000,000 Share Options are held by each of the five Directors (including Mr. Huang and Ms. Huang) and the remaining 500,000 Share Options are held by other employees.
6. As disclosed in the announcement of the Company dated 31 August 2009, an option deed dated 31 August 2009 (as amended from time to time) was entered into between Mr. Huang and CCBI under which Mr. Huang granted an option (the “**Put Option**”) to CCBI whereby CCBI may require Mr. Huang to purchase all or part of the 50,000,000 Shares under the Put Option (the “**Put Option Shares**”). As at the date of this announcement, there are 13,490,000 Put Option Shares held by CCBI which are subject to the Put Option and CCBI is entitled to exercise the Put Option at any time before 31 December 2015 (extendable).

Immediately after the allotment and issue of the maximum number of the Settlement Shares, Mr. Huang, Ms. Huang and Brilliant China will in aggregate hold approximately 79.09% of the entire issued share capital of the Company and the shareholding held by public Shareholders may fall below 25%. Pursuant to the public float requirement under Rule 8.08 (1)(a) of the Listing Rules, the public Shareholders, at all times, must at least hold 25% of the total issued share capital of the Company.

In order to comply with the public float requirement under the Listing Rules, which is also one of the conditions precedent of the Settlement Agreement, the Company may place new Shares or procure Mr. Huang to place down part of his existing Shares to Independent Third Party(ies). Further announcement(s) will be made as and when appropriate.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Huang is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a controlling shareholder of the Company, an executive Director and the father of Ms. Huang, an executive Director. Therefore, the Loan Capitalisation constitutes a non-exempt connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held to consider and, if thought fit, approve, among other matters, the Settlement Agreement and the allotment and issue of the Settlement Shares under the Specific Mandate.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders (i) as to whether the terms of the Settlement Agreement are fair and reasonable; (ii) whether the Settlement Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (iii) on how to vote in respect of the Settlement Agreement and the allotment and issue of the Settlement Shares under the Specific Mandate. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Loan Capitalisation; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Loan Capitalisation and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 14 August 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

In accordance with the Listing Rules, Mr. Huang and Ms. Huang are regarded as having material interest in the Loan Capitalisation and therefore they have abstained from voting on the relevant board resolutions for considering and approving the Settlement Agreement and the allotment and issue of the Settlement Shares under the Specific Mandate. In addition, Mr. Huang, Ms. Huang, Brilliant China and their respective associates are regarded as having material interest in the Loan Capitalisation and therefore they are required to abstain from voting at the EGM on the resolution(s) in respect of the Settlement Agreement and allotment and issue of Settlement Shares under the Specific Mandate.

As the Loan Capitalisation is subject to the fulfillment of the conditions precedent as set out in the Settlement Agreement and, as at the date of this announcement, no agreement in relation to the Possible Placing has been entered into, the Loan Capitalisation and the Possible Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	board of the Directors from time to time
“Brilliant China”	Brilliant China Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and wholly-owned by Ms. Huang
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks in Hong Kong are open for business throughout their normal business hours
“CCBI”	CCB International Asset Management Limited
“Company”	Great China Properties Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 21)
“Completion”	completion of the Loan Capitalisation in accordance with the terms and conditions of the Settlement Agreement
“Completion Date”	within the second Business Day after the satisfaction of the last of the conditions precedent to Completion set out in the section headed “Conditions of the Settlement Agreement” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve (i) the Settlement Agreement; and (ii) the allotment and issue of the Settlement Shares under the Specific Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company to be formed by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Settlement Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Settlement Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (as defined under the Listing Rules)
“Independent Shareholder(s)”	Shareholders other than Mr. Huang, Ms. Huang, Brilliant China and their respective associates, who are required by the Listing Rules to abstain from voting on the resolutions approving the Settlement Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the principal amount of the Shareholder’s loan, as at the date of the Settlement Agreement, of (i) HK\$31,397,355 and (ii) RMB190,080,000 (equivalent to approximately HK\$240,831,360), totaling approximately HK\$272.23 million, without interests accrued and unpaid thereon, advanced to the Group by Mr. Huang

“Loan Capitalisation”	the subscription of the Settlement Shares at HK\$0.28 per Settlement Share by Mr. Huang under the Settlement Agreement by capitalising up to HK\$200,000,000 of the Loan advanced by Mr. Huang to the Group
“Long Stop Date”	31 December 2015 or such other date as may be agreed between the Company and Mr. Huang
“Mr. Huang”	Mr. Huang Shih Tsai, the chairman of the Board, an executive Director, a controlling shareholder of the Company, the father of Ms. Huang and the creditor of the Loan
“Ms. Huang”	Ms. Huang Wenxi, the chief executive officer, an executive Director, a substantial shareholder of the Company and the daughter of Mr. Huang
“Possible Placing”	the possible placing of new Shares by the Company or the possible placing down of the existing Shares held by Mr. Huang to Independent Third Parties, as appropriate, for the purpose of maintaining the public float upon the allotment and issue of the Settlement Shares
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Settlement Agreement”	the settlement agreement dated 14 July 2015 entered into between Mr. Huang and the Company in relation to the Loan Capitalisation
“Settlement Shares”	up to 714,285,714 Shares at the Subscription Price of HK\$0.28 per Settlement Share to be allotted and issued to Mr. Huang by the Company in settlement of part of the Loan in the amount of up to HK\$200,000,000 pursuant to the Settlement Agreement

“Share(s)”	ordinary share(s) in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to authorise the Directors to allot and issue up to 714,285,714 Settlement Shares in settlement of part of the Loan in the amount of up to HK\$200,000,000 pursuant to the Settlement Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.28 per Settlement Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purposes of illustration only, the amounts denominated in RMB in this announcement are translated into HK\$ at the rate of RMB1=HK\$1.267. Such translation should not be construed as a representation that the currency could actually be converted into HK\$ at that rate or at all.

By order of the Board
Great China Properties Holdings Limited
Mr. Huang Shih Tsai
Chairman

Hong Kong, 14 July 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Huang Shih Tsai (Chairman) and Ms. Huang Wenxi (Chief Executive Officer), three independent non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum.