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GREATWALLE INC.

長城匯理公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8315)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF BUSINESS ADVISORY AND MANAGEMENT SERVICES

ADVISORY SERVICE AGREEMENT

The Board announces that, on 6 November 2018 (after trading hours), Shenzhen Jiuli, a wholly-owned subsidiary of the Company, entered into the Advisory Service Agreement with Great Walle Capital Management, pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manager business.

Advisory service shall commence from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee from Great Walle Capital Management on a monthly basis, as well as a variable service fee determined upon the possible variable performance fee to be charged by Great Walle Capital Management as the private equity fund manager for the M&A Fund No. 9.

GEM LISTING RULES IMPLICATIONS

Great Walle Investment is the indirect controlling shareholder of the Company, which holds indirectly approximately 56.18% of the total share capital in issue of the Company as at the date of this announcement. Therefore, Great Walle Investment is a connected person of the Company. As Great Walle Capital Management is a wholly-owned subsidiary of Great Walle Investment, Great Walle Capital Management is also a connected person of the Company. As a result, the transactions contemplated under the Advisory Service Agreement constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the contemplated transactions are on normal commercial terms or better, and all of the applicable percentage ratios in respect of each of the annual caps of the transactions are less than 25%, and the aggregate annual advisory service fees to be received is less than HK\$10,000,000, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

INTRODUCTION

The Board announces that, on 6 November 2018 (after trading hours), Shenzhen Jiuli, a wholly-owned subsidiary of the Company, entered into the Advisory Service Agreement with Great Walle Capital Management, pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manager business.

ADVISORY SERVICE AGREEMENT

The principal terms of the Advisory Service Agreement are set out as below:

Execution date of the Advisory Service Agreement: 6 November 2018

Effective date of the Advisory Service Agreement: 6 November 2018

Period: Three years commencing from the effective date of the Advisory Service Agreement, whereas in the case that the M&A Fund No. 9 is fully liquidated during the three-year term, the advisory service shall be ended on the date of completion of such liquidation.

Parties: Shenzhen Jiuli, as the consultant
Great Walle Capital Management, as the appointor

Scope of the advisory service: The advisory service to be provided by Shenzhen Jiuli shall include but not limited to:

1. provision of advisory service in respect of daily operation, management, compliance, risk control and information disclosure of the appointor;
2. provision of advice in respect of corporate management and strategies;

3. provision of advice in respect of corporate risk management and internal control; and
4. provision of information on policies, laws and regulations in respect of both local and overseas fiscal, financial, taxation and private equity investment funds as well as updates on capital markets.

Advisory service fees:

Pursuant to the Advisory Service Agreement, Shenzhen Jiuli shall be entitled to the followings:

1. fixed service fee: Shenzhen Jiuli shall charge a monthly fixed service fee of RMB127,700 from Great Walle Capital Management during the service period;
2. variable service fee: during the agreed service period, if Great Walle Capital Management receives any performance fee pursuant to the M&A Fund No. 9 contract, it shall pay, within 20 business days after receiving such Performance Fee, 80% of the Performance Fee received to Shenzhen Jiuli as a variable service fee. The M&A Fund No. 9 is only required to pay the performance fee to Great Walle Capital Management upon its liquidation, and such performance fee to be received by Great Walle Capital Management shall be calculated base on the increment of the net value of the fund upon its liquidation as compared to that on the inception date.

HISTORICAL TRANSACTION AMOUNTS

As of the date of this announcement, there was no historical transaction amount between the Group and Great Walle Capital Management in respect of provision of business advisory and management services.

PROPOSED ANNUAL CAPS

It is proposed that the annual caps for the following periods shall be as follows:

Period	Proposed annual caps <i>RMB</i>
Effective date to 31 March 2019	7,100,000 (equivalent to approximately HK\$8,040,770)
1 April 2019 to 31 March 2020	8,000,000 (equivalent to approximately HK\$9,060,023)
1 April 2020 to 31 March 2021	8,000,000 (equivalent to approximately HK\$9,060,023)
1 April 2021 to 31 March 2022	6,600,000 (equivalent to approximately HK\$7,474,519)

The proposed annual caps above were calculated base on the aggregate amount of the fixed service fee to be received by Shenzhen Jiuli and the estimated variable service fee to be received by Shenzhen Jiuli (in the case that the M&A Fund No. 9 is liquidated during the relevant year).

In the event that the exemption under Rule 20.74(2) of the GEM Listing Rules is no longer applicable due to the aggregate annual amount of the fixed service fee and variable service fee payable by Great Walle Capital Management pursuant to the Advisory Service Agreement to Shenzhen Jiuli exceed the respective proposed annual cap for the year ending 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, the Company will strictly comply with all applicable requirements under Chapter 20 of the GEM Listing Rules.

BASIS OF DETERMINATION OF THE ANNUAL CAPS

The proposed annual caps were determined after taking into account of the annual fixed service fees and variable service fees (if the M&A Fund No. 9 is liquidated during the relevant financial years) to be received by Shenzhen Jiuli from Great Walle Capital Management with reference to the following factors: (a) the market value of the portfolio of the M&A Fund No. 9 under the Advisory Service Agreement, which is currently approximately RMB190,000,000; and (b) the recent volatility in the global stock markets, especially the PRC stock market, which may affect the growth of net asset value of the M&A Fund No. 9.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The management team of the Company is well experienced in fund operation and corporate management, and it is anticipated that their experience in the fund industry shall facilitate the Group's business diversification as well as expanding its business into financial service sector. The provision of the business advisory and management services by the Group shall provide an opportunity to the Group to enter the business advisory and consultation industry, as well as realising its long term development strategy of business diversification and benefit from the rapid growth of the Chinese financial industry, so as to create value for the Shareholders.

The Directors (including the independent non-executive Directors) consider that the advisory service fee was determined between the parties after arm's length negotiation, the relevant terms are on normal commercial terms or better, are fair and reasonable and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole, and the proposed annual caps are fair and reasonable.

GENERAL INFORMATION

The Group is principally engaged in the provision of manned security guarding service, and provision of mobile games through an associated company. Shenzhen Jiuli, a wholly-owned subsidiary of the Company in the PRC, is principally engaged in the provision of advisory and consultation services.

Great Walle Capital Management is principally engaged in the investment and advisory business. It is a qualified private equity investment fund manager licensed by Asset Management Association of China. It is a renowned merger and acquisition fund management institute in China, expertise in industrial integration and value appreciation for listed companies. The fund manager of the M&A Fund No. 9 is Great Walle Capital Management.

APPROVAL BY THE BOARD

As each of Ms. Pang Xiaoli, Mr. Hon Hoi Chuen and Ms. Lin Shuxian holds positions in Great Walle Capital Management, they have abstained from voting at the meeting of the Board in respect of approving the transactions contemplated under the Advisory Service Agreement. Apart from the above, none of the Directors have any material interests in the Advisory Service Agreement or otherwise and are required to abstain from voting on the relevant resolution of the Board.

GEM LISTING RULES IMPLICATIONS

Great Walle Investment is the indirect controlling shareholder of the Company, which holds indirectly approximately 56.18% of the total share capital in issue of the Company as at the date of this announcement. Therefore, Great Walle Investment is a connected person of the Company. As Great Walle Capital Management is a wholly-owned

subsidiary of Great Walle Investment, Great Walle Capital Management is also a connected person of the Company. As a result, the transactions contemplated under the Advisory Service Agreement constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the contemplated transactions are on normal commercial terms or better, and all of the applicable percentage ratios in respect of each of the annual caps of the transactions are less than 25%, and the aggregate annual advisory service fees to be received is less than HK\$10,000,000, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

DEFINITIONS

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

“Advisory Service Agreement”	an agreement entered into between Great Walle Capital Management and Shenzhen Jiuli on 6 November 2018 in relation to the business advisory and management services;
“Board”	the board of Directors;
“Company”	Greatwalle Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the directors of the Company;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Great Walle Capital Management”	深圳長城匯理資產管理有限公司(Shenzhen Great Walle Capital Management Co. Ltd.*), a company established in Shenzhen with limited liability and is a qualified private equity investment fund manager licensed by Asset Management Association of China;

“Great Walle Investment”	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*), a company established in Shenzhen with limited liability;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“M&A Fund No. 9”	長城匯理戰略併購9號基金(Great Walle Strategic Merger and Acquisition Fund No. 9*), a fund established on 6 April 2017 with a term of 36 months. The manager of the fund may extend the term for not more than once for 12 months according to the practical operating conditions. The manager of the fund is Great Walle Capital Management;
“Performance Fee”	the performance fee to be charged by the fund manager, which shall be determined with reference the performance of the fund and calculated according to the formula as provided in the fund contract on a certain percentage;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shenzhen Jiuli”	深圳玖立投資諮詢有限公司 (Shenzhen Jiuli Investment Advisory Co., Ltd.*), a company established in Shenzhen with limited liability and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

* for identification purposes only

By order of the Board
Greatwalle Inc.
Pang Xiaoli
Chairman and Executive Director

Hong Kong, 6 November 2018

As at the date of this announcement, the executive Directors are Ms. Pang Xiaoli, Mr. Hon Hoi Chuen, Ms. Lin Shuxian and Mr. Li Mingming; and the independent non-executive Directors are Ms. Guan Yan, Mr. Zhao Jinsong and Mr. Li Zhongfei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.kingforce.com.hk.