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China Goldjoy Group Limited

中國金洋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1282)

COMPLETION OF THE ACQUISITION OF 70% INTEREST IN FIVE TARGET COMPANIES, CONTINUING CONNECTED TRANSACTIONS AND ADOPTION OF ADDITIONAL PRINCIPAL BUSINESS ACTIVITY

COMPLETION OF THE FIRST ACQUISITION

The Board is pleased to announce that following the satisfaction of all the relevant conditions precedent under the Agreement, completion of the KB Credit Acquisition took place on 3 May 2016 and completion of the First Acquisition (save for the KB Credit Acquisition) took place on 4 July 2016.

After completion of the First Acquisition, each of KB Credit, China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management and KB Investment has become an indirect subsidiary of the Company, the results of which will be consolidated into the financial statements of the Group.

CONTINUING CONNECTED TRANSACTIONS

On 4 July 2016, China Yinsheng Securities entered into the Margin Financing Service Agreements with each of the Relevant Persons, pursuant to which China Yinsheng Securities may (but is not obliged to), upon request, provide to each of them margin financing services, on normal commercial terms and at rates comparable to rates offered to other customers of China Yinsheng Securities who are Independent Third Parties from time to time.

LISTING RULES IMPLICATIONS

Given Mr. Cheung Lit Wan, Kenneth is a director of each of China Yinsheng Asset Management, China Yinsheng Wealth Management, KB Investment and KB Credit, and Ms. Lam Oi Chun is a director of China Yinsheng Securities, they are considered to be connected persons at the Company's subsidiary level after completion of the First Acquisition. Accordingly, the margin financing services to be provided by China Yinsheng Securities, an indirect wholly-owned subsidiary of the Company, to them will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (other than the profits ratio) in respect of the proposed annual caps for the margin financing services for the Relevant Persons, on an annual basis, is more than 1% but less than 5%, the transactions contemplated under the Margin Financing Service Agreements will be subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ADOPTION OF ADDITIONAL PRINCIPAL BUSINESS ACTIVITY

In order to broaden the source of income and offer better returns to Shareholders, the Board has adopted financial services as one of the principal business activities of the Group. The Directors will seek potential business opportunities in the financial services market so as to better utilize the existing resources to maximize return to the Shareholders, broaden the income source and improve the financial position of the Group.

Reference is made to the Announcements. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcements.

COMPLETION OF THE FIRST ACQUISITION

The Board is pleased to announce that following the satisfaction of all the relevant conditions precedent under the Agreement, completion of the KB Credit Acquisition took place on 3 May 2016 and completion of the First Acquisition (save for the KB Credit Acquisition) took place on 4 July 2016.

After completion of the First Acquisition, each of KB Credit, China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management and KB Investment has become an indirect subsidiary of the Company, the results of which will be consolidated into the financial statements of the Group.

ADDITIONAL INFORMATION TO THE SHAREHOLDERS

The Board wishes to provide the Shareholders with the following additional information in relation to the Acquisition:

- (A) The audited net asset value for each of the six Target Companies as at 31 December 2015 are as follows:

Target Company	Net asset value (HK\$)
China Yinsheng Asset Management	15,298,611.00
China Yinsheng Securities	101,496,014.00
China Yinsheng Wealth Management	8,749,922.00
KB Credit	20,561,282.00
KB Investment	1,330,331.00
KB Bullion	18,311,479.00

- (B) As disclosed in the First Announcement, the Key Management Staff have been granted the right to subscribe for shares of the Relevant Company at an agreed amount of not more than HK\$50 million with reference to the net book value per share of the Relevant Company as set out in the Agreement. The exercise of such option is at the discretion of the Company, and the Company will further comply with the requirements of the Listing Rules when such option is exercised.
- (C) As disclosed under the section headed “Put Option” in the First Announcement (the “**Put Option**”), the exercise price of the Put Option has been agreed and is subject to a maximum cap of HK\$5 billion. The exercise of the Put Option is not at the Company’s discretion. As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Put Option are less than 25%, the Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company will further comply with the requirements of the Listing Rules when the Put Option is exercised.

Save as disclosed above, there are no material changes to the matters disclosed in the Announcements.

CONTINUING CONNECTED TRANSACTIONS

Margin Financing Service Agreements

On 4 July 2016, China Yinsheng Securities entered into the Margin Financing Service Agreements with each of the Relevant Persons, pursuant to which China Yinsheng Securities may (but is not obliged to), upon request, provide to each of them margin financing services, on normal commercial terms and at rates comparable to rates offered to other customers of China Yinsheng Securities who are Independent Third Parties from time to time. Set out below are the principal terms of the Margin Financing Service Agreements:

Period:	4 July 2016 to 31 December 2018
Margin financing fee/ interest income:	normal commercial terms at a rate of prime rate +3%, or at rates comparable to that of other customers of China Yinsheng Securities who are Independent Third Parties of similar credit standing, trading record and quality of collaterals given
Termination:	either party may terminate the Margin Financing Service Agreements by 1-month written notice. China Yinsheng Securities shall be entitled to terminate the Margin Financing Service Agreements forthwith by written notice to the Relevant Persons if any requirement as set out under the Listing Rules or otherwise imposed by the Stock Exchange relating to the Margin Financing Service Agreements or the transactions contemplated thereunder cannot be complied with by China Yinsheng Securities after China Yinsheng Securities having used its reasonable endeavours to comply with such requirements

Maximum daily outstanding amount of financing to be provided to the Relevant Persons and the Financing Annual Caps

Pursuant to the Margin Financing Service Agreements, the maximum daily outstanding amount of financing to be provided to the Relevant Persons for the three years ending 31 December 2018 (the “**Financing Annual Caps**”) are proposed as follows:

	Maximum daily outstanding amount For the year ended 31 December		For the five months ended 31 May	Financing Annual Cap For the year ending 31 December		
	2014	2015	2016	2016	2017	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cheung Lit Wan, Kenneth and his associates	15,863,568.97	14,834,791.64	26,404,574.26	27,000,000	27,000,000	27,000,000
Lam Oi Chun and her associates	<u>2,940,391.00</u>	<u>6,707,629.00</u>	<u>6,798,903.74</u>	<u>5,500,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total	<u>18,803,959.97</u>	<u>21,542,420.64</u>	<u>33,203,478.00</u>	<u>32,500,000</u>	<u>32,000,000</u>	<u>32,000,000</u>

Margin financing services to be provided to the Relevant Persons and the Interest Annual Caps

Pursuant to the Margin Financing Service Agreements, the estimated interest income (the “**Interest Annual Caps**”) to be received by China Yinsheng Securities from the Relevant Persons for the three years ending 31 December 2018 are set out as follows:

	For the year ended 31 December				For the five months ended 31 May		Interest Annual Cap For the year ending 31 December		
	2014		2015		2016		2016	2017	2018
	Interest income HK\$	% of total revenue	Interest income HK\$	% of total revenue	Interest income HK\$	% of total revenue	Interest income HK\$	Interest income HK\$	Interest income HK\$
Cheung Lit Wan, Kenneth and his associates	545,082.60	1.72	1,614,224.09	3.71	1,347,171.60	7.36	2,000,000	2,000,000	2,000,000
Lam Oi Chun and her associates	<u>137,643.26</u>	<u>0.43</u>	<u>338,110.43</u>	<u>0.77</u>	<u>199,418.33</u>	<u>1.09</u>	<u>250,000</u>	<u>200,000</u>	<u>200,000</u>
Total	<u>682,725.86</u>	<u>2.16</u>	<u>1,952,334.52</u>	<u>4.49</u>	<u>1,546,589.93</u>	<u>8.45</u>	<u>2,250,000</u>	<u>2,200,000</u>	<u>2,200,000</u>

Note 1: The Interest Annual Cap for the year ending 31 December 2016 is set higher in view of the historical amount for the interest income received from the transactions conducted for the five months ended 31 May 2016.

Basis of determining the Financing Annual Caps and Interest Annual Caps

The Financing Annual Caps and the Interest Annual Caps were determined after arm’s length negotiation between China Yinsheng Securities and each of the Relevant Persons and their associates based on (i) the expected trading volume and demand of margin financing services by them for the three years ending 31 December 2018; (ii) the historical transaction amount (in particular, the transaction amount for the five months ended 31 May 2016); (iii) the financial resources and capacity of margin financing facilities of China Yinsheng Securities for granting the margin financing facility after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility of them; and (iv) the

benefit for capturing the securities trading activities of the Relevant Persons and their associates so as to earn more commission and fees in the usual and ordinary course of business of China Yinsheng Securities.

Reasons for and benefits of the Margin Financing Service Agreements

The Board considers that the transactions contemplated under the Margin Financing Service Agreements will enable China Yinsheng Securities to continue (a) granting margin financing facilities to the Relevant Persons and their associates, (b) capturing the securities trading activities of the Relevant Persons and their associates, and (c) earning income from the Relevant Persons and their associates in its ordinary course of business and on normal commercial terms.

The Board (including the independent non-executive Directors) consider that (i) the transactions contemplated under the Margin Financing Service Agreements are being provided on normal commercial terms and in the ordinary course of business which will not be more favorable than those available to the Independent Third Parties of similar credit standing, trading record and quality of collaterals given; (ii) the terms of the Margin Financing Service Agreements and the proposed annual caps thereunder are fair and reasonable; and (iii) the provision of the margin financing services as contemplated under the Margin Financing Service Agreement is in the interest of the Company and its Shareholders as a whole.

Given none of the Directors have material interest in the transactions contemplated under the Margin Financing Service Agreement, they were not required to abstain from voting on the relevant board resolution of the Company for approving the entry into the Margin Financing Service Agreement by China Yinsheng Securities.

LISTING RULES IMPLICATIONS

Given Mr. Cheung Lit Wan, Kenneth is a director of each of China Yinsheng Asset Management, China Yinsheng Wealth Management, KB Investment and KB Credit, and Ms. Lam Oi Chun is a director of China Yinsheng Securities, they are considered to be connected persons at the Company's subsidiary level after completion of the First Acquisition. Accordingly, the margin financing services to be provided by China Yinsheng Securities, an indirect wholly-owned subsidiary of the Company, to them will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (other than the profits ratio) in respect of the proposed annual caps for the margin financing facility for the Relevant Persons, on an annual basis, is more than 1% but less than 5%, the transactions contemplated under the Margin Financing Service Agreements will be subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ADOPTION OF ADDITIONAL PRINCIPAL BUSINESS ACTIVITY

In order to broaden the source of income and offer better returns to Shareholders, the Board has adopted financial services as one of the principal business activities of the Group. The Directors will seek potential business opportunities in the financial services market so as to better utilize the existing resources to maximize return to the Shareholders, broaden the income source and improve the financial position of the Group.

DEFINITIONS

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

“Announcements”	the First Announcement and the announcement made by the Company dated 22 April 2016 in relation to the Acquisition;
“First Announcement”	the announcement of the Company dated 30 March 2016;
“Independent Third Parties”	person(s) or company(ies) which is (are) independent of and not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates;
“Margin Financing Service Agreements”	the margin financing agreements all dated 4 July 2016 entered into between China Yinsheng Securities with each of the Relevant Persons relating to granting of the margin financing facility to each of the Relevant Persons; and
“Relevant Persons”	Mr. Cheung Lit Wan, Kenneth and Ms. Lam Oi Chun.

By order of the board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 4 July 2016

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Feng Huiming and Mr. Li Minbin; one non-executive director, namely Mr. Huang Wei; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.