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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)

VOLUNTARY ANNOUNCEMENT SUBSCRIPTION OF 33.21% INTEREST IN ZHANJIANG JIFUTONG FINANCIAL SERVICE JOINT STOCK COMPANY LIMITED

This is a voluntary announcement made by the Group.

THE SUBSCRIPTION AGREEMENT

The Board announces that, on 3 February 2016 (after trading hours), Hong Kong Bao Xin, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Target Company and the Existing Shareholder, pursuant to which, Hong Kong Bao Xin has conditionally agreed to subscribe, and the Target Company has conditionally agreed to issue to Hong Kong Bao Xin, the Subscription Shares at a consideration of RMB50,000,000 (equivalent to approximately HK\$59,140,000). Upon completion of the Subscription and the Other Subscription, Hong Kong Bao Xin will hold approximately 33.21% interest in the Target Company. Accordingly, the Target Company will become an associate of the Company.

THE REPURCHASE AGREEMENT

On 3 February 2016 (after trading hours), Hong Kong Bao Xin, the Existing Shareholder and Target Company entered into the Repurchase Agreement, pursuant to which, among others, Hong Kong Bao Xin has been granted the right to request the Target Company or the Existing Shareholder (as the case may be) to repurchase or purchase the Subscription Shares under certain circumstances.

LISTING RULES IMPLICATIONS

The applicable percentage ratio in respect of the transactions contemplated under the Subscription Agreement and the Repurchase Agreement does not exceed 5% under Rule 14.07 of the Listing Rules. The Subscription Agreement, the Repurchase Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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The principle terms of the Subscription Agreement are set out as follows:

Date: 3 February 2016

Parties: (a) Hong Kong Bao Xin, as subscriber;
(b) Mr. Fu Ru Lin, as Existing Shareholder; and
(c) the Target Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Existing Shareholder and the Target Company and its beneficial owners are independent of, and not connected with the Company and its connected persons.

Subscription

The existing registered capital of the Target Company is RMB45,950,000, which will be increased to RMB136,859,090 upon completion of the Subscription and the Other Subscription.

The Subscription Amount payable by Hong Kong Bao Xin was determined after arms' length negotiations on normal commercial terms among the parties after taking into account, among others, (i) the prospects of the Business of the Target Group, (ii) the potential development opportunities of the Target Group which will also provide the Company with a chance to enter the financial markets in the PRC, and (iii) other factors set out in the paragraph headed "Reasons for and Benefits of the Subscription" in this announcement.

The Subscription Amount payable by Hong Kong Bao Xin will be funded out of the internal resources of the Group.

Conditions Precedent

Completion will take place subject to the fulfilment by the Target Company of the following, among others, conditions precedent pursuant to the Subscription Agreement:

- a) the Other Subscription having been approved in a general meeting of the shareholders of the Target Company;
- b) all internal approvals of the Target Company and relevant approvals and consents (if any) from all government authorities, and third parties in connection with transactions contemplated under the Subscription Agreement having been obtained; and
- c) no profit distribution or no occurrence of any event having caused material adverse effect to the business operation or the financial conditions of the Target Company (as determined by Hong Kong Bao Xin) during the Pre-Completion Period.

If the above conditions precedent are not satisfied on or before 31 March 2016, either the Target Company or Hong Kong Bao Xin is entitled to terminate the Subscription Agreement in writing.

Corporate Governance

After Completion, the governance structure of the Target Company is as follows:

- a) The board of directors of the Target Company shall comprise not more than 9 persons, of which Hong Kong Bao Xin has the right to nominate 2 directors to the board. The chairman and the legal representative shall be appointed by passing the relevant resolutions in a board meeting.
- b) After Completion, the supervising committee of the Target Company shall comprise 3 persons, 1 of which shall be nominated by Hong Kong Bao Xin.
- c) The articles of association of the Target Company shall be amended to reflect that all decision makings of the Target Company shall be made by resolutions of the board of directors or shareholders. Matters to be transacted in a general meeting of the shareholders shall be passed by at least 67% of votes from the shareholders attending the general meeting.

Lock-up Period

The Subscription Shares are subject to lock-up for a period of two years after its respective registration with the Ministry of Commerce of the PRC, save for any transfer to an affiliate of Hong Kong Bao Xin.

THE REPURCHASE AGREEMENT

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Exit Mechanism

Pursuant to the Subscription Agreement, Hong Kong Bao Xin is entitled to exit from its investment in the Target Company in, among others, one of the following ways:

- a) the listing application of the Target Company having been acknowledged by the relevant local or overseas regulatory authorities; and
- b) the Target Company having received an offer at a price higher than the Subscription Amount.

Repurchase Price

Pursuant to the Subscription Agreement, Hong Kong Bao Xin has the right to require the Target Company to repurchase or the Existing Shareholder to purchase (as the case may be) the Subscription Shares at a price equal to the Subscription Amount plus an interest amount accruing from the Completion Date to the date of such repurchase or purchase at an agreed rate after making certain deductions as agreed among the parties, which shall be payable by the Target Company or the Existing Shareholder (as the case may be) to Hong Kong Bao Xin.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the development of a range of high-technology products, trading and providing services with respect to automation related equipment, and strategic investment and development in technologies mainly relating to biometric security, high-speed wireless data transmission and communications, and securities investment. Hong Kong Bao Xin is an investment holding company which is an indirect wholly-owned subsidiary of the Company.

The Target Company was established in Zhanjiang, the Guangdong Province on 18 May 2015. The shareholders and senior management of the Target Company have more than 20-year experience as well as good connections in the financial sector. Aiming to promote financial innovation, the Target Company provides comprehensive financial services, including industrial merger & acquisition fund, private equity fund, crowd-funding, third-party payments (pre-paid card and internet payments) and petty loan.

As disclosed in the interim report of the Company for the six months ended 30 June 2015, the Group intended to implement a diversified strategy to expand its business and would focus on the development of financial, asset management and technology investment businesses. In addition, in the circular made by the Company dated 29 June 2015, the Company disclosed its intention to capture the development opportunities in the booming financial industry in the PRC by way of acquisition or capital injection into a domestic financial enterprise. The entering into of the Subscription Agreement is a step taken by the Company to implement the aforesaid diversification strategy and to tap into the domestic financial services sector.

Currently, the Group intends to start developing financial services to satisfy the market demand by the launch of a comprehensive financial platform for both traditional and internet financial services. For recent years, great efforts have been made in the PRC to implement financial reform and innovation, fuelled by a rapid development of internet financial services, which lead to a promising market prospect. The Group invests in the Target Company because the Group is optimistic about its various projects, including but not limited to the provision of certain financial services such as industrial investment fund and crowd-funding through a solid ecommerce and payments platform. The Subscription will enable the Group to implement its business model in providing internet financial services, and further improve the profitability and sustainability of the Company. The Directors are of the view that the Subscription will provide a prime opportunity for the Group to enter into the financial services market in the PRC which, going forward, is expected to increase the Company's value and benefit the Company and the Shareholders as a whole.

In view of the abovementioned, the Board considers that the terms of the Subscription Agreement and the Repurchase Agreement are fair and reasonable and on normal commercial terms, in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The applicable percentage ratio in respect of the transactions contemplated under the Subscription Agreement and the Repurchase Agreement does not exceed 5% under Rule 14.07 of the Listing Rules. The Subscription Agreement, the Repurchase Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Subscription is subject to satisfaction of certain conditions. There is no assurance that the Subscription Agreement and the transactions contemplated thereunder will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Business”	the business of the Target Group as at the date of this announcement;
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“Company”	China Goldjoy Group Limited (中國金洋集團有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	the completion under the Subscription Agreement for Hong Kong Bao Xin;
“Completion Date”	a date falling on or before the 5th Business Day after the Conditions Precedent in the Subscription Agreement are satisfied, the Target Company having produced all relevant resolutions and constitutional documents to Hong Kong Bao Xin and Hong Kong Bao Xin having been registered as a shareholder of the Target Company;
“Conditions Precedent”	the conditions precedent set out in the Subscription Agreement;
“Directors”	the directors of the Company;
“Existing Shareholder”	Mr. Fu Ru Lin, an individual residing in the PRC, who is an existing substantial shareholder of the Target Company who held approximately 13.06% interest in the Target Company as at the date of this announcement;
“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 PRC;
“Hong Kong Bao Xin”	Hong Kong Bao Xin Asset Management Limited (香港寶信資產管理有限公司), a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Other Subscription”	the subscription in the proposed subscription amount of RMB50,000,000 to be made by another current shareholder of the Target Company on or about the date of the Subscription;
“PRC”	the People’s Republic of China, which for the purpose of the Subscription Agreement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Pre-Completion Period”	the period from the date of signing the Subscription Agreement to the Completion Date;
“Repurchase Agreement”	the repurchase agreement dated 3 February 2016 entered into among Hong Kong Bao Xin, the Existing Shareholder and Target Company in relation to certain repurchase right in the Target Company under specific circumstances;
“RMB”	Renminbi, the lawful currency of the PRC;
“Subscription”	the transactions contemplated under the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 3 February 2016 entered into among the Existing Shareholder, Hong Kong Bao Xin and the Target Company;
“Subscription Amount”	RMB50,000,000, being the total consideration of the Subscription;
“Subscription Shares”	45,454,545 shares of RMB1.10 each to be issued by the Target Company to Hong Kong Bao Xin pursuant to the Subscription Agreement;
“subsidiary”	shall have the meaning ascribed to that term in the Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	湛江集付通金融服務股份有限公司 (Zhanjiang Jifutong Financial Services Joint Stock Company Limited*), a company established in the PRC with limited liability; and
“Target Group”	comprising the Target Company and its subsidiaries (each, the “ Target Group Company ”).

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.1828.

By Order of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 3 February 2016

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Yao Jianhui 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.

* *for identification purpose only*