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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 70% INTEREST IN SIX TARGET COMPANIES

THE ACQUISITION

The Board is pleased to announce that on 30 March 2016 (after trading hours), the Purchaser, the Vendor and the Company entered into the Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at an initial aggregate consideration of HK\$255,738,962 (subject to adjustment), which will be satisfied by cash. Immediately after completion of the Acquisition, the Target Companies will become indirect subsidiaries of the Company and the results of which will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition is subject to satisfaction (or, if applicable, waiver) of certain conditions. There is no assurance that the Agreement and the transactions contemplated thereunder will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

THE ACQUISITION

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THE AGREEMENT

Date

30 March 2016

Parties

- (1) Purchaser : Great Sphere Developments Limited;
- (2) Vendor : China Yinsheng Capital Group Limited; and
- (3) Purchaser Guarantor : the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons as at the date of this announcement.

Subject Matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares.

Consideration

The initial aggregate consideration for the Acquisition is HK\$255,738,962 (the "**Initial Consideration**"). The consideration for the First Acquisition is HK\$227,539,282.55 (the "**First Consideration**") and the consideration for the Second Acquisition is HK\$28,199,679.45 (the "**Second Consideration**"). Subject to adjustment, the consideration for the Acquisition will be satisfied in the following manner:

- (1) on the First Completion Date, the Purchaser shall pay the First Consideration in cash to the Vendor; and
- (2) on the Second Completion Date, the Purchaser shall pay the Second Consideration in cash to the Vendor.

The First Consideration and the Second Consideration will be funded by internal resources of the Group.

The Consideration was arrived at based on normal commercial terms and after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the net asset value of the Target Companies as at 31 December 2015, (ii) the prospects of the Business of the Target Group, (iii) the financial position of the Target Group and (iv) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" in this announcement. Taking into account of the potential development opportunities of the Target Group and the Acquisition will provide the Company with a chance to enter the financial markets, the Consideration was determined at a premium to the Management Accounts NAV, which shall be subject to downward or upward adjustment after comparing the Audited Accounts NAV and the Management Accounts NAV for the Target Group provided that any upward adjustment of the Consideration will not exceed a maximum amount of HK\$5 million.

Conditions Precedent

The completion of the Acquisition is subject to the fulfillment of the following conditions precedent pursuant to the Agreement:

- (a) (i) the approval from the SFC in relation to the change of substantial shareholder (as defined in the SFO) of each of China Yinsheng Assets Management and China Yinsheng Securities having been obtained; and (ii) the approval from the Chinese Gold & Silver Exchange Society in relation to the disposal of the KB Bullion Sale Shares to the Purchaser (through China Foresea or any of its wholly-owned subsidiary) having been obtained;
- (b) none of the Licences having been revoked, withdrawn, terminated or suspended as at the Completion Dates;
- (c) the Purchaser having been reasonably satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations and financial position of each of the Target Companies by the Purchaser;
- (d) (if applicable) the Company having obtained all necessary approvals from the Shareholders and/or the Stock Exchange in accordance with the Listing Rules and other applicable laws;
- (e) since the date of the Agreement, there having been no events or circumstances which have a material adverse effect on the business, financial, operation or assets of the Target Companies;
- (f) all declarations, warranties and undertakings made by the Vendor remaining true, accurate and not misleading in material respect;
- (g) the Vendor having obtained the relevant consent from the relevant banks and any other third party in relation to the transfer of the Sale Shares;
- (h) all receivables between any Target Company and its shareholder(s), director(s) or affiliates (save for certain inter-company or other receivables) having been settled or any contracts relating to such arrangements having been terminated; and

- (i) KB Bullion's relevant membership with the Chinese Gold & Silver Exchange Society not having been withdrawn, terminated or suspended.

The Vendor shall use its best endeavour to procure the fulfilment of the aforesaid conditions precedent (save for conditions (a)(i), (c) and (d)) and assist the Purchaser to provide necessary documents to obtain the necessary approval for the satisfaction of condition (a) on a best effort basis. The Purchaser shall use its best endeavour to procure the fulfilment of conditions (a)(i) and (d) and assist the Vendor to provide necessary document for the satisfaction of conditions (a) and (g). The Purchaser is entitled to waive the conditions (save for conditions (a) and (d)) in full or in part conditionally or unconditionally by writing to the Vendor. In addition, if the Purchaser is aware that any of the conditions precedent cannot be fulfilled or waived on or before the relevant Long-Stop Date, the Purchaser is entitled to terminate the Agreement in writing to the Vendor.

Specific undertakings

In order to maintain the stability of the key management team and the smooth continuation of the Business, the Vendor provided certain undertakings and the Purchaser undertook to provide incentives to the existing management team of the Target Group.

The Vendor undertook to use its reasonable efforts to procure all key management staff of the Target Group (including those who are registered with the SFC to carry on regulated activities) (the "**Key Management Staff**") be retained for at least two years after the Completion Dates (the "**Retention Period**").

Pursuant to the Agreement, the Purchaser undertook to the Vendor that:

- (a) in the event of separate listing of a Target Company or its parent company on the Stock Exchange or any other stock exchanges before an agreed date (the "**Relevant Company**"), prior to its listing, the Key Management Staff is entitled to subscribe for shares of the Relevant Company at an agreed amount with reference to the net book value per share of the Relevant Company as set out in the Agreement;
- (b) any business similar to the Business will be conducted through the Purchaser or any of its subsidiaries provided the Vendor remains as a shareholder holding not less than 10% interest in China Foresea.

Rights of shareholders in China Foresea

After the First Completion Date, the Purchaser and the Vendor will be interested in 70% and 30% of the issued share capital of China Foresea, respectively. The Purchaser and the Vendor agreed to comply with the following, among others, terms to regulate their respective rights in China Foresea Group:

Put Option

The Vendor is entitled to require the Purchaser to purchase the Remaining Target Shares in full or in part within six months after a period of two full financial years from the Second Completion Date (if completion of the Second Acquisition does not take place, the First Completion Date) at an agreed exercise price based on including the total subscription amounts paid by the Vendor and the undistributed profit of the Target Group and/or China Foresea to which the Vendor shall be entitled. Such right can be exercised by the Vendor once only.

Corporate Governance

Composition of the board of directors of China Foresea

The board of directors of China Foresea shall consist of five directors. Any shareholder of China Foresea which is interested in 20% of China Foresea's issued share capital is entitled to appoint one director.

Funding

In the event that China Foresea requires funding, the Vendor and the Purchaser shall provide funding in the form of capital injection on a pro rata basis, unless all shareholders of China Foresea consent that China Foresea shall borrow from any third party financial institutions. If any shareholder of China Foresea fails to inject capital as required, its respective shareholding interest will be diluted and another shareholder has the right to subscribe for the remaining portion of the then issued shares at a price to be determined based on the Management Accounts NAV and the number of shares issued before the relevant Completion Date.

Pre-emptive right

If any shareholder of China Foresea intends to transfer, dispose, charge or deal with China Foresea's shares to a third party, the other shareholder of China Foresea is entitled to exercise its pre-emptive right to purchase the relevant shares within an agreed period.

Reserved matters

Matters such as, among others, at each subsidiary of China Foresea (i) alteration of the memorandum and articles of association, (ii) provision of guarantee, share charge or pledge to a third party, (iii) change in capital structure, would require unanimous consent from all shareholders of China Foresea.

Profit Distribution

Each Target Company or China Foresea shall distribute not less than 30% but not more than 50% of its undistributed profit to its shareholder(s) as dividend each year.

Completion

Completion of the acquisitions of China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management, KB Credit and KB Investment shall be inter-conditional and shall take place on the First Completion Date, or on such other date as the parties may agree in writing.

Completion of the acquisition of KB Bullion shall take place on the Second Completion Date, or on such other date as the parties may agree in writing. The Second Acquisition will be conditional upon completion of the First Acquisition having been taken place before the relevant Long-Stop Date. If the completion of the First Acquisition does not take place, the Purchaser has no obligation to proceed with the Second Completion.

Upon completion of the First Acquisition, the Purchaser shall procure China Foresea to issue certain China Foresea Shares to the Vendor, representing 30% of the total issued share capital of China Foresea as enlarged by the allotment and issue of such China Foresea Shares as at the First Completion Date. China Foresea will become the indirect holding company of the Target Companies upon completion of the Acquisition.

Immediately after completion of the Acquisition, the Target Companies will become indirect subsidiaries of the Company and the results of which will be consolidated into the financial statements of the Group.

INFORMATION OF THE GROUP AND THE PURCHASER

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.

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company.

INFORMATION OF THE VENDOR

The Vendor is principally engaged in the securities, wealth management and asset management businesses in Hong Kong.

INFORMATION OF THE TARGET GROUP

China Yinsheng Asset Management is principally engaged in the provision of type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong.

China Yinsheng Securities is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong. It also provides stock and futures broking and foreign exchange trading services in Hong Kong.

China Yinsheng Wealth Management is principally engaged in the provision of wealth management and insurance services in Hong Kong. Its business includes providing one-stop investment immigration, tax planning, family trusts, wealth management, life insurance, investment-linked savings plans, critical illness and health insurance and general insurance services.

KB Bullion is principally engaged in trading precious metals in Hong Kong.

KB Credit is principally engaged in providing loan and credit financing services in Hong Kong.

KB Investment is an investment holding company.

The revenue and net profits/(loss) (before and after tax) of the Target Companies as extracted from their respective audited/unaudited consolidated/combined accounts for each of the three financial years ended 31 December 2013, 2014 and 2015 prepared in accordance with HKFRS are as follows:

	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
China Yinsheng Asset Management			
Revenue	1,200	5,600	17,482
Profit before tax	94	313	10,643
Profit after tax	80	317	8,879
China Yinsheng Securities			
Revenue	19,628	31,530	43,402
Profit before tax	482	2,289	14,370
Profit after tax	482	2,128	11,962
China Yinsheng Wealth Management			
Revenue	1,654	7,309	9,857
Profit before tax	13	3,978	6,107
Profit after tax	13	3,443	5,187
KB Bullion			
Revenue	—	—	847
Loss before tax	(15)	(935)	(738)
Loss after tax	(15)	(935)	(738)
KB Credit			
Revenue	n/a	—	812
(Loss)/profit before tax	n/a	(19)	724
(Loss)/profit after tax	n/a	(19)	605
KB Investment			
Revenue	n/a	—	2,531
Loss before tax	n/a	(1,685)	(774)
Loss after tax	n/a	(1,685)	(774)

Note 1: For China Yinsheng Asset Management, the figures were extracted from the audited accounts for the period from its date of incorporation on 30 March 2012 to 31 December 2013. For China Yinsheng Securities and China Yinsheng Wealth Management, the figures were extracted from the audited accounts for the year ended 31 December 2013, respectively. For KB Bullion, the figures were extracted from the audited accounts for the period from its date of incorporation on 4 June 2013 to 31 December 2013. For KB Credit and KB Investment, they were incorporated after 31 December 2013.

Note 2: For China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management and KB Bullion, the figures were extracted from the audited accounts for the year ended 31 December 2014, respectively. For KB Credit, the figures were extracted from the unaudited management accounts for the period from its date of incorporation on 24 October 2014 to 31 December 2014. For KB Investment, the figures were extracted from the audited accounts for the period from its date of incorporation on 13 March 2014 to 31 December 2014.

Note 3: For China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management, KB Bullion, KB Credit and KB Investment, the figures were extracted from the unaudited management accounts for the year ended 31 December 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Companies are principally engaged in the provision of financial services, including asset management and stock broking in Hong Kong and private equity investments in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2015. The Group is currently implementing a series of strategic transformation measures and will identify appropriate investment opportunities in such areas as integrated financial services, asset management, new energy and emerging industries. The Group will also strive to expand into new industries and new markets and realize its diversified development strategy. The entering into of the Agreement is one of the steps taken by the Company to implement this diversification strategy. The Company is of the view that the businesses being conducted by the Target Companies have great development potential and could provide a new source of income for the Group. Given Hong Kong's leading role as a global financial center, the Directors are of the view that the Acquisition will provide a prime opportunity for the Group to enter into the financial services and asset management market in Hong Kong which, going forward, is expected to increase the Company's value and benefit the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Acquisition was conducted under normal commercial terms, that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition is subject to satisfaction (or, if applicable, waiver) of certain conditions. There is no assurance that the 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:

“Acquisition”	the First Acquisition and the Second Acquisition;
“Agreement”	the sale and purchase agreement dated 30 March 2016 entered into among the Purchaser, the Vendor and the Purchaser Guarantor, pursuant to which the Purchaser shall acquire the Sale Shares from the Vendor;
“Audited Accounts”	the combined and audited financial statements of the First Target Group or the Second Target Group (as the case may be) as at 31 December 2015;
“Audited Accounts NAV”	70% of the total net assets value of the First Target Group or the Second Target Group (as the case may be) as per the Audited Accounts;
“Business”	the businesses of the Target Companies carried on as of the date of the Agreement;
“Business Day”	any day (other than Saturday, Sunday, a public holiday) on which banks in Hong Kong are generally open for business;
“China Foresea”	China Foresea Finance Group Limited, a company incorporated in the Cayman Islands with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“China Foresea Group”	China Foresea and its subsidiaries;
“China Foresea Shares”	ordinary share(s) of US\$1 each in the share capital of the China Foresea;
“China Yinsheng Asset Management”	China Yinsheng Asset Management Limited (中國銀盛資產管理有限公司), a company incorporated in Hong Kong with limited liability;

“China Yinsheng Asset Management Sale Shares”	6,000,000 ordinary shares in the issued share capital of China Yinsheng Asset Management, representing the entire issued share capital of China Yinsheng Asset Management as at the date of this announcement;
“China Yinsheng Securities”	China Yinsheng Securities Limited (中國銀盛證券有限公司), a company incorporated in Hong Kong with limited liability;
“China Yinsheng Securities Sale Shares”	77,500,000 ordinary shares in the issued share capital of China Yinsheng Securities, representing the entire issued share capital of China Yinsheng Securities as at the date of this announcement;
“China Yinsheng Wealth Management”	China Yinsheng Wealth Management Limited (中國銀盛財富管理有限公司), a company incorporated in Hong Kong with limited liability;
“China Yinsheng Wealth Management Sale Shares”	600,000 ordinary shares in the issued share capital of China Yinsheng Wealth Management, representing the entire issued share capital of China Yinsheng Wealth Management as at the date of this announcement;
“Company” or “Purchaser Guaranter”	China Goldjoy Group Limited (中國金洋集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1282);
“Completion Accounts NAV”	70% of the total net asset value of the relevant Target Company as per the combined management accounts as at the date falling on the last day of one calendar month preceding the relevant Completion Date;
“Completion Dates”	comprising the First Completion Date and the Second Completion Date;
“Consideration”	the First Consideration and the Second Consideration
“First Acquisition”	the proposed acquisition of the First Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement;
“First Completion Date”	the day on which the completion of the First Acquisition takes place, which shall be the third Business Day after the date on which all conditions precedent (save for the condition precedent (a)(ii) above) to the Agreement are fulfilled and/or waived (if applicable) or such other date as the parties may agree in writing;

“First Sale Shares”	comprising the China Yinsheng Asset Management Sale Shares, the China Yinsheng Securities Sale Shares, the China Yinsheng Wealth Management Sale Shares, the KB Credit Sale Shares and the KB Investment Sale Shares;
“First Target Group”	comprising China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management, KB Credit and KB Investment and their respective subsidiaries;
“Great Sphere” and “Purchaser”	Great Sphere Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement;
“HKFRS”	Hong Kong Financial Reporting Standard;
“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;
“KB Bullion”	KB Bullion Limited (宏基金業有限公司), a company incorporated in Hong Kong with limited liability;
“KB Credit”	KB Credit Limited (宏基信貸有限公司), a company incorporated in Hong Kong with limited liability;
“KB Credit Sale Shares”	20,000,000 ordinary shares in the issued share capital of KB Credit, representing the entire issued share capital of KB Credit as at the date of this announcement;
“KB Investment”	KB Investment Limited (宏基金融投資有限公司), a company incorporated in Hong Kong with limited liability;
“KB Investment Sale Shares”	4,000,000 ordinary shares in the issued share capital of KB Investment, representing the entire issued share capital of KB Investment as at the date of this announcement;
“Licences”	all licences, permits, authorisations, consent and approvals required to be obtained and maintained by the Target Companies as at the date of the Agreement in order to carry on the Business including without limitation the licences granted by the SFC to China Yinsheng Asset Management and China Yinsheng Securities, the licence granted by the Professional Insurance Brokers Association to China Yinsheng Wealth Management and the licence granted by the Registrar of Money Lenders to KB Credit to carry on business as a money lender as defined under the MLO;

“Long-Stop Date”	30 July 2016 with respect to the First Target Group; and 30 November 2016 with respect to the Second Target Group (which is subject to extension pursuant to the terms of the Agreement);
“Management Accounts NAV”	70% of the total net assets value of the First Target Group or the Second Target Group (as the case may be) as per the unaudited management accounts of the First Target Group or the Second Target Group (as the case may be) as at 31 December 2015;
“MLO”	Money Lenders Ordinance (Chapter 163 of the Laws of 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;
“Remaining Target Shares”	the remaining interest in China Foresea to be held by the Vendor after completion of the Acquisition;
“Sale Shares”	the First Sale Shares and the Second Sale Shares;
“Second Acquisition”	the proposed acquisition of the Second Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement;
“Second Completion Date”	the day on which the completion of the Second Acquisition takes place, which shall be the third Business Day after the date on which all conditions precedent (save for the condition precedent (a)(i) above) to the Agreement are fulfilled and/or waived (if applicable) or such other date as the parties may agree in writing;
“Second Sale Shares”	20,000,000 ordinary shares in the issued share capital of KB Bullion, representing the entire issued share capital of KB Bullion as at the date of this Agreement;
“Second Target Group”	comprising KB Bullion and its subsidiaries;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subsidiary(ies)”	shall have the meaning ascribed to that term in the Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC;
“Target Companies”	comprising China Yinsheng Asset Management, China Yinsheng Securities, China Yinsheng Wealth Management, KB Bullion, KB Credit and KB Investment (each, the “ Target Company ”);
“Target Group”	comprising the First Target Group and the Second Target Group;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	China Yinsheng Capital Group Limited, a company incorporated in Hong Kong with limited liability.

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

Hong Kong, 30 March 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.