

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HARMONIC STRAIT FINANCIAL HOLDINGS LIMITED

和協海峽金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

LAPSE OF MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION

This announcement is made by Harmonic Strait Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 5 February 2016 in relation to the Possible Acquisition (“**Announcement**”). Terms defined in the Announcement shall have the same meaning when used herein unless otherwise specified.

As disclosed in the Announcement, the Company and the Vendor entered into the MOU in relation to the Possible Acquisition and the Exclusivity Period of 90 business days from the date of the MOU was granted to the Company to conduct due diligence on the Target Company and its subsidiaries. Formal agreement shall be entered into by the Vendor and the Company (or its nominee) after the completion of the said due diligence and the refundable deposit of USD2 million paid to the Vendor (the “**Deposit**”) shall be applied as partial payment of consideration in accordance to the terms of the formal agreement.

The Company wishes to update the shareholders of the Company that the Exclusivity Period has expired on 22 June 2016. As the Company and the Vendor have not reached consensus to enter into the formal agreement by the expiry of the Exclusivity Period, the Memorandum has lapsed and ceased to take effect. The Deposit shall be returned to the Company within 7 business days.

The Directors are of the view that the lapse of the MOU does not have any material adverse impact on the operations of the Group. The Group will also continue to look for other investment opportunities to sharpen the competitive edge of its financial platform with a view to generating stable income stream to the Group and achieving better risk diversification of the Group.

By Order of the Board
Harmonic Strait Financial Holdings Limited
Wong Kwong Sum
Executive Director

Hong Kong, 23 June 2016

As at the date of this announcement, the Board comprises three executive directors of the Company, namely Mr. Wong Kwong Sum, Mr. Xie Li and Mr. Zhao Tieliu; one non-executive director of the Company, Dr. Wang Edward Xu; and four independent non-executive directors of the Company, namely Mr. Cheung Wah Keung, Mr. Anthony Espina, Mr. Zhang Huadi and Mr. Ho Chun Chung, Patrick.