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Jin Cai Holdings Company Limited

金彩控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF THE JV COMPANY

ESTABLISHMENT OF THE JV COMPANY

The Board is pleased to announce that on 3 June 2014, Shenzhen Oceania, an indirectly wholly-owned subsidiary of the Company, entered into the JV Agreement with the JV Partners for the establishment of the JV Company in the PRC which will be engaged in, among others, Internet-based financial services business in the PRC. Pursuant to the JV Agreement, Shenzhen Oceania has agreed to subscribe for an aggregate of 20,000,000 JV Shares by a total capital contribution of RMB20,000,000, equivalent to approximately 13.33% of the total registered capital of the JV Company.

LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) for the transaction contemplated under the JV Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the announcement of the Company dated 21 May 2014 which stated, inter alia, that the Company was in the course of preliminary negotiations for a potential investment in an Internet-related finance business in the PRC.

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Set out below are the principal terms of the JV Agreement:

PRINCIPAL TERMS OF THE JV AGREEMENT

Date

3 June 2014

Parties

- (1) Shenzhen Oceania
- (2) Shenzhen Clou
- (3) Hytera Communications
- (4) Shenzhen Woer
- (5) Shenzhen Fastprint
- (6) Shenzhen TYDIC
- (7) SZ Jin Ju Chuang Ying
- (8) SZ Gao Xin Tou
- (9) SZ Yuan Ming
- (10) SZ Tong Chuang Ying

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, each of the JV Partners and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Scope of business of the JV Company

The proposed scope of business of the JV Company includes Internet finance; operation of e-business (if prior administrative approval is required, may operate only when obtaining such prior administrative approval documents); information advisory (not including restricted projects); online business, online services provision; online trading, online counseling, online auction; investment and establishment of enterprise (details of the project shall be reported); investment management; investment consultancy; investment advisory; domestic trade (excluding franchised, controlled or exclusive goods).

Registered capital

The registered capital of the JV Company will be RMB150,000,000, comprising of 150,000,000 JV Shares of RMB1 each. Set out below are the agreed contributions by Shenzhen Oceania and each of the JV Partners, and their respective equity interests in the JV Company:–

JV Partners	Capital contribution	Number of JV Shares to be subscribed	Approximate percentage of shareholding immediately upon the establishment of the JV Company
Shenzhen Oceania	RMB20,000,000	20,000,000	13.33%
Shenzhen Clou	RMB20,000,000	20,000,000	13.33%
Hytera Communications	RMB20,000,000	20,000,000	13.33%
Shenzhen Woer	RMB20,000,000	20,000,000	13.33%
Shenzhen Fastprint	RMB20,000,000	20,000,000	13.33%
Shenzhen TYDIC	RMB20,000,000	20,000,000	13.33%
SZ Jin Ju Chuang Ying	RMB15,000,000	15,000,000	10.00%
SZ Gao Xin Tou	RMB8,000,000	8,000,000	5.33%
SZ Yuan Ming	RMB5,000,000	5,000,000	3.33%
SZ Tong Chuang Ying	RMB2,000,000	2,000,000	1.33%

Shenzhen Oceania and the JV Partners will contribute their respective capital contribution in cash. Save that SZ Jin Ju Chuang Ying shall make capital contribution within 5 years from the date of obtaining of the business licence of the JV Company, Shenzhen Oceania and each of the other JV Partners shall make capital contribution in full before the application for establishment of the JV Company. As at the date hereof, the JV Company has not yet been established. Upon the establishment of the JV Company, Shenzhen Oceania will hold approximately 13.33% of the equity interest in the JV Company. The total capital commitment (whether equity, loan or otherwise) of the Group in the JV Company will not exceed RMB20,000,000.

The amounts of contribution to be made by Shenzhen Oceania and the JV Partners were determined on the basis of the initial funding needs of the JV Company and the agreed share of registered capital in the JV Company after arm's length negotiation among Shenzhen Oceania and the JV Partners.

The Directors intends to finance the cash contribution of RMB20,000,000 by internal resources of the Group which are not net proceeds from the Share Offer.

Undertaking by Shenzhen Oceania and each of the JV Partners

Upon the establishment of the JV Company, Shenzhen Oceania and each of the JV Partners shall not establish, operate or invest in other projects or businesses that compete with that of the JV Company.

Set out below are the principal provisions in the Proposed Articles:

PROPOSED ARTICLES OF THE JV COMPANY

Board composition of the JV Company

The board of the JV Company shall consist of 9 directors, of which 2 directors will be nominated by SZ Jin Ju Chuang Ying, and each of Shenzhen Oceania, SZ Gao Xin Tou, Shenzhen Clou, Hytera Communications, Shenzhen Woer, Shenzhen Fastprint and Shenzhen TYDIC will be entitled to nominate 1 director, respectively. The chairman of the board of the JV Company will be elected by all directors of the JV Company by majority votes.

Profit and loss sharing

The profit and loss of the JV Company will be shared by Shenzhen Oceania and each of the JV Partners in proportion to their respective contribution to the share capital in the JV Company.

Option to the management

The JV Company will grant 5% of the options to the core management team of the JV Company within 5 years from the date of the obtaining the business licence of the JV Company, the implementation plan will be proposed by the general manager of the JV Company and to be approved by the board of the JV Company.

Pre-emptive rights

If Shenzhen Oceania or any of the JV Partners wishes to dispose of its equity interests in the JV Company, it has to obtain the majority approval of the non-disposing shareholders of the JV Company. If such approval is obtained, such non-disposing shareholders of the JV Company shall be entitled the pre-emptive rights to acquire any equity interest proposed to be disposed of at equal terms.

APPROVAL BY RELEVANT REGULATORY AUTHORITIES

The establishment of the JV Company is subject to the approval by the relevant regulatory authorities in the PRC.

REASONS FOR AND BENEFIT OF ENTERING INTO THE JV AGREEMENT

The Group is principally engaged in the design, printing and sale of cigarette packages in the PRC.

The Directors consider that the Internet-based financial services industry in the PRC is growing and believe that the entering into of the JV Agreement and the establishment of the JV Company represent an opportunity for the Group to enhance the Shareholders' value. The Directors believe that the entering into of the JV Agreement will not have any material adverse effect on the operations and financial position of the Group.

The terms of the JV Agreement were arrived at after arm's length negotiation between Shenzhen Oceania and the JV Partners. The Board considers that the terms of the JV Agreement are on normal commercial terms, fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) for the transaction contemplated under the JV Agreement are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“Company”	Jin Cai Holdings Company Limited (金彩控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Hytera Communications”	海能達通信股份有限公司 (Hytera Communications Company Limited), a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 002583.SZ) and is principally engaged in design, manufacturing and sale of professional mobile radio communications equipment
“JV Agreement”	the founding member agreement dated 3 June 2014 entered into between Shenzhen Oceania and each of the JV Partners
“JV Company”	深圳市鵬鼎創盈金融信息服務股份有限公司 (Shenzhen Peng Ding Chuang Ying Financial Information Services Stock Company Limited), a joint venture company to be established with limited liability in the PRC in accordance with the terms of the JV Agreement
“JV Partners”	collectively, Shenzhen Clou, Hytera Communications, Shenzhen Woer, Shenzhen Fastprint, Shenzhen TYDIC, SZ Jin Ju Chuang Ying, SZ Gao Xin Tou, SZ Yuan Ming and SZ Tong Chuang Ying
“JV Share(s)”	the share(s) of the JV Company of RMB1 each
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Articles”	the proposed articles agreed by Shenzhen Oceania and each of the JV Partners to be adopted by the JV Company

“Share Offer”	the public offer and placing of a total of 80,000,000 offer shares of the Company, details of which were described in the prospectus of the Company dated 24 June 2013
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Clou”	深圳市科陸電子科技股份有限公司 (Shenzhen Clou Electronics Company Limited), a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 002121.SZ) and is principally engaged in providing equipment and solutions for the application of smart grid, new energy and energy conservation and emission reduction
“Shenzhen Fastprint”	深圳市興森快捷電路科技股份有限公司 (Shenzhen Fastprint Circuit Tech Company Limited), a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 002436.SZ) and is principally engaged in design, manufacturing and sale of printed circuit board
“Shenzhen Oceania”	深圳大洋洲印務有限公司 (Shenzhen Oceania Printing Company Limited), a company established in the PRC with limited liability on 23 March 2000 and an indirectly wholly-owned subsidiary of the Company
“Shenzhen TYDIC”	深圳天源迪科信息技術股份有限公司 (Shenzhen TYDIC Information Technology Company Limited), a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 300047.SZ) and is principally engaged in manufacturing and sale of computer software and hardware, website design, developing software, system integration, information system advisory and related services

“Shenzhen Woer”	<p>深圳市沃爾核材股份有限公司 (Shenzhen Woer Heat-Shrinkable Material Company Limited), a company established in the PRC with limited liability and its shares are listed on Shenzhen Stock Exchange (stock code: 002130.SZ) and is principally engaged in design, manufacturing and sale of nuclear radiation modified polymer materials and new series of electronic, electrical products and new equipment</p>
“Stock Exchange”	<p>The Stock Exchange of Hong Kong Limited</p>
“SZ Gao Xin Tou”	<p>深圳市高新投創業投資有限公司 (Shenzhen Gao Xin Tou Venture Capital Company Limited), a company established in the PRC with limited liability and is principally engaged in venture capital business</p>
“SZ Jin Ju Chuang Ying”	<p>深圳市金桔創盈投資管理合夥企業 (有限合夥) (Shenzhen Jin Ju Chuang Ying Investment Management Partnership Enterprise (Limited Partnership)), a limited partnership enterprise established in the PRC, and being the shareholding entity for the employees of the JV Company</p>
“SZ Tong Chuang Ying”	<p>深圳市同創盈投資諮詢有限公司 (Shenzhen Tong Chuang Ying Investment Consultancy Company Limited), a company established in the PRC with limited liability and is principally engaged in venture capital business</p>
“SZ Yuan Ming”	<p>深圳市元明科技發展有限公司 (Shenzhen Yuan Ming Technology Development Company Limited), a company established in the PRC with limited liability and is principally engaged in providing information technology services</p>

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Jin Cai Holdings Company Limited
HUANG Li
Chairman

Hong Kong, 3 June 2014

In this announcement, the English names of the PRC entities are translation of their Chinese names and included for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

As at the date of this announcement, the Board comprises six Directors, namely Ms. Huang Li and Mr. Zheng Hua as executive Directors; Mr. Huang Chao as non-executive Director; Mr. Zeng Shiquan, Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon as independent non-executive Directors.