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## **CHINA SEVEN STAR HOLDINGS LIMITED**

**中國七星控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 245)**

### **HOLDING ANNOUNCEMENT**

This announcement is made by China Seven Star Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”) (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is also made to the announcement of the Company dated 12th June, 2015 on the Stock Exchange in respect of trading halt in the shares of the Company (the “**Shares**”) on the Stock Exchange relating to possible inside information.

### **THE ACQUISITIONS**

The board of directors of the Company (the “**Board**”) wishes to inform its shareholders (the “**Shareholders**”) that it has entered into two conditional agreements concerning the proposed acquisition by the Group of two companies (together, the “**Acquisitions**”) in cash. The first Acquisition involves the proposed purchase by the Group of 100% of the issued share capital of a company (“**Company A**”) which is licensed to carry out type 1 regulated activity (dealing in securities) under the SFO. The second Acquisition involves the proposed purchase by the Group of 100% of the issued share capital of a company (“**Company B**”) which is licensed to carry out type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management) under the SFO.

The vendors of Company A and Company B and their respective ultimate beneficial owners are independent from each other and they are also independent and not connected with the Company and its connected persons.

Each of the Acquisitions constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## THE STRATEGIC SUBSCRIPTION

The Board also wishes to inform Shareholders that the Company entered into a conditional share subscription agreement (the “**Subscription Agreement**”) with CMI Financial Holding Corporation (“**CMI**”) and, by way of deeds of accession dated 23rd June, 2015, with D. E. Shaw Composite Portfolios, L.L.C. (“**D. E. Shaw Composite**”), Union Sky Holding Group Limited (“**Union Sky**”), Wangzaixingjun Investment Center (Limited Partnership)\* (萬載星筠投資中心(有限合夥)) (“**WIC LP**”) and Mr. Xu Xiang respectively (collectively, other than CMI, referred to as the “**Other Investors**”). CMI and the Other Investors are independent of and not connected with the Company and its connected persons. Upon closing of the Subscription Agreement, CMI and Other Investors will be interested in a total of 26,316,000,000 shares of the Company (the “**Share Subscription**”) representing approximately 1,090.3% of the issued share capital of the Company as at the date of this announcement and approximately 91.6% of the issued share capital of the Company as enlarged by the Share Subscription assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares.

The following table sets out a summary of the allocation of the Subscription Shares:

<b>Name</b>	<b>Number of Subscription Shares</b>	<b>Shareholding percentage (at closing of the Share Subscription assuming: (a) closing under the Subscription Agreements take place; and (b) there is no change to the share capital of the Company other than the issue of the Subscription Shares)</b>
CMI	20,418,000,000	71.07%
Other Investors		
— D. E. Shaw Composite	1,720,000,000	5.99%
— Union Sky	1,390,000,000	4.84%
— WIC LP	1,788,000,000	6.22%
— Mr. Xu Xiang	1,000,000,000	3.48%

CMI is a wholly owned subsidiary of China Minsheng Investment Corporation Limited\* (中國民生投資股份有限公司) and is managed by CMI Capital Company Limited\* (中民投資資本管理有限公司), the financial division of China Minsheng Investment Corporation Limited\* (中國民生投資股份有限公司). The investment mandate of CMI Capital Company Limited\*

(中民投資本管理有限公司) focuses on investment in the financial sectors, covering traditional financial institutions and innovative internet based financial companies both in the PRC and internationally.

D. E. Shaw Composite is an investment vehicle managed by an entity within the D. E. Shaw group. Union Sky is wholly owned by Mr. Shi Yuzhu. WIC LP is a limited partnership managed by its general partner Mr. Xu Xiang.

## **IMPLICATIONS OF THE TAKEOVERS CODE**

The Share Subscription, if completed, would lead to a change in control of the Company. The Share Subscription is conditional upon obtaining a waiver from the SFC pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code (the “**Whitewash Waiver**”), in respect of the obligations of CMI and parties acting in concert with it to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the relevant investor and parties acting in concert with them, which would otherwise arise as a result of the Share Subscription. The Whitewash Waiver is a condition precedent to the closing of the Subscription Agreement which can be waived at the discretion of CMI (for itself or on behalf of all Other Investors) and the offer period has commenced on the date of this announcement. In the event that CMI waives such condition precedent and elect to proceed with the transactions contemplated under the Subscription Agreement, CMI will comply with all the relevant requirements under the Takeovers Code, including but not limited to, the making of a general offer under Rule 26.1 of the Takeovers Code and further announcement(s).

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the share capital of the Company comprises (i) 2,413,651,250 Shares; and (ii) and 199,068,000 share options with rights to subscribe for a total of 199,068,000 Shares. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). As required under Rule 3.8 of the Takeovers Code, associates (including a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company are required to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In compliance with Rule 3.7 of the Takeovers Code, further announcement(s) setting out the progress of the Share Subscription will be made as and when necessary in accordance with the Listing Rules and the Takeovers Code and on a monthly basis until an announcement of (i) a firm intention to make an offer under Rule 3.5 of the Takeovers Code or (ii) a decision not to proceed with the Share Subscription is made.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with*

*investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

**As the Acquisitions are subject to a number of conditions precedent and may or may not become unconditional or be completed. The completion of the Acquisitions are not conditional upon the closing of the Share Subscription. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

**Shareholders and potential investors of the Company should also be aware that completion of the Share Subscription is subject to certain conditions precedent, including but not limited to, the completion of the Acquisitions, being satisfied, and consequently the Share Subscription may or may not proceed. Accordingly, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

#### **CONTINUED SUSPENSION OF TRADING OF SHARES OF THE COMPANY**

As at the date of this announcement, the Company is in the process of preparing the detailed announcement in relation to, inter alia, the Acquisitions and the Share Subscription pursuant to the Takeovers Code and the Listing Rules (the “**Full Announcement**”). The Full Announcement will be published as soon as possible.

At the request of the Company, trading in the shares of the Company was halted with effect from 1:00 p.m. on Friday, 12th June, 2015, and will remain suspended pending the publication of the Full Announcement.

By Order of the Board  
**China Seven Star Holdings Limited**  
**Ni Xinguang**  
*Chairman and Executive Director*

Hong Kong, 26th June, 2015

*As at the date of this announcement, the Board comprises (1) Mr. Ni Xinguang and Ms. Chen Xiaoyan as executive directors; (2) Mr. Tu Baogui as a non-executive director; and (3) Mr. Lu Wei, Mr. Wong Chak Keung and Mr. Ling Yu Zhang as independent non-executive directors.*

*This announcement is made by the order of the Board. The directors of the Board jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*\* For identification purpose only*