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CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

After the trading hours on 19 November 2014, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 43,000,000 Subscription Shares at the Subscription Price of HK\$0.345 per Subscription Share.

SUBSCRIPTION SHARES

The 43,000,000 Subscription Shares to be allotted and issued under the Subscription represent (i) approximately 4.93% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.70% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)).

The Subscription Shares will be allotted and issued under the General Mandate, which has not been used since granted.

USE OF PROCEEDS

The aggregate gross proceeds of the Subscription will be approximately HK\$14.83 million and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$14.78 million, representing a net issue price of approximately HK\$0.344 per Subscription Share. The net proceeds from the Subscription are intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company.

Shareholders and potential investors should note that Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares, and is subject to fulfillment of other conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

The Company proposes to raise approximately HK\$14.83 million before expenses by way of the Subscription, details of which are set out as follows:

Date

19 November 2014

Issuer

The Company

Subscriber

Cashcow Development Limited

The Subscriber is a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is beneficially owned by Mr. Tang Wood Sang. The principal activity of the Subscriber is investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber is a professional investor (as defined in the SFO as extended by the Professional Investor Rules), each of the Subscriber and its ultimate beneficial owner is an Independent Third Party.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares. The 43,000,000 Subscription Shares (of an aggregate nominal value of HK\$8,600,000) to be allotted and issued under the Subscription represent (i) approximately 4.93% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.70% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)).

Subscription Price

The Subscription Price of HK\$0.345 per Subscription Share represents:

- (i) a discount of approximately 5.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 19 November 2014, being the date of the Subscription Agreement;
- (ii) a discount of approximately 5.0% to the average of the closing prices of HK\$0.363 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 5.0% to the average closing price of HK\$0.363 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares. The Directors consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

Conditions Precedent

Completion of the Subscription shall be subject to the following conditions being satisfied:

- (a) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares;
- (b) the compliance with the applicable requirements under the Listing Rules by the Company; and

- (c) all the representations, warranties and undertakings given by the Subscriber in the Subscription Agreement remaining true, accurate and not misleading in all respects.

The Company has the right to waive the condition specified in paragraph (c) in part or in full and none of the conditions set out above is waivable by the Subscriber.

If the conditions set out above have not been satisfied and/or waived (where applicable) (other than as a result of the default of the Company and/or, as the case may be, the Subscriber) at or before 5:00 p.m. on the Long Stop Date, the Subscription Agreement shall cease and determine (save and except for the provisions governing the confidentiality obligations and other miscellaneous provisions which shall continue to have full force and effect) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms of the Subscription Agreement.

Completion Date

Completion shall take place on the fifth Business Day after the satisfaction of all the conditions precedent referred to above (or such other date as may be agreed by the Company and the Subscriber in writing).

Ranking

The Subscription Shares, when fully paid and allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate which has not been used since it was granted. Therefore, the Subscription is not subject to additional approval by the Shareholders.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading, investment holding and rendering of consultancy services. The Board considers that the Subscription represents a good opportunity for the Company to raise additional funds and to widen the Company's shareholder base, and the terms of the Subscription Agreement are on normal commercial terms. Accordingly, the Directors consider that the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Subscription will be approximately HK\$14.83 million and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$14.78 million, representing a net issue price of approximately HK\$0.344 per Subscription Share. The net proceeds from the Subscription are intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares, and is subject to fulfillment of other conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately upon issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)):

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
Substantial Shareholders				
Gold Happy Properties Limited (Note 1)	199,507,252	22.87	199,507,252	21.80
Tycor Development Limited (Note 2)	170,576,000	19.55	170,576,000	18.63
Liao Jintian (Note 3)	20,000,000	2.30	20,000,000	2.18
Public Shareholders				
The Subscriber	–	–	43,000,000	4.70
Other public Shareholders	482,286,748	55.28	482,286,748	52.69
Total	<u>872,370,000</u>	<u>100</u>	<u>915,370,000</u>	<u>100</u>

Notes

1. Gold Happy Properties Limited is beneficially wholly-owned by Mr. Wang Dong.
2. Tycor Development Limited is interested in 170,576,000 Shares, representing approximately 19.55% of the total issued Shares of the Company before completion of the Subscription. Mr. Liao Jintian and Mr. Zhou Han Jie, the non-executive Directors of the Company, beneficially owns approximately 41.53% and 25.57% respectively of the issued shares of Tycor Development Limited.
3. Mr. Liao Jintian, a non-executive Director of the Company, holds approximately 41.53% of the issued shares of Tycor Development Limited. Mr. Liao Jintian also holds 20,000,000 Shares, representing approximately 2.30% of the total issued Shares of the Company before completion of the Subscription.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out any fund raising exercises during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Intended use of net proceeds	Actual use of the net proceeds as at the date of this announcement
9 June 2014 and 22 July 2014	Open offer on the basis of one offer share for every two Shares held on 27 June 2014; completed on 22 July 2014	The aggregate net proceeds of approximately HK\$56.6 million was intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company	(i) approximately HK\$35 million was invested in unlisted equities; and (ii) approximately HK\$25 million was invested in listed equities

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon
“Company”	China Investment and Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1226)
“Completion”	Completion of the Subscription
“Completion Date”	The date on which the Completion shall take place and such day shall fall on the fifth Business Day after the satisfaction of all the conditions precedent as set out in the Subscription Agreement (or such other date as may be agreed by the Company and the Subscriber in writing)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 August 2014, among other things, to allot, issue and deal with up to 116,316,000 Shares, being 20% of the then issued share capital of the Company on 8 August 2014
“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 People’s Republic of China
“Independent Third Party”	Third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Long Stop Date”	10 December 2014 (or such other date as the Company and the Subscriber may agree in writing)
“Professional Investor Rules”	Securities and Futures (Professional Investor) Rules (Chapter 571D of the laws of Hong Kong)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 November 2014 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.345 per Subscription Share
“Subscription Shares”	43,000,000 new Shares to be allotted and issued under the Subscription Agreement to the Subscriber upon Completion
“%” or “per cent.”	percentage or per centum

By order of the Board
China Investment and Finance Group Limited
Executive Director
Chan Cheong Yee

Hong Kong, 19 November 2014

As at the date of this announcement, the Board consists of Mr. CHAN Cheong Yee as executive Director, Mr. LIAO Jintian and Mr. ZHOU Han Jie as non-executive Directors and Mr. HA Tak Kong, Mr. TSANG Hin Man Terence and Mr. LUK Simon as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.