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## **CHINA FINANCE INVESTMENT HOLDINGS LIMITED**

**中國金控投資集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 875)**

### **PROPOSED ISSUE OF CONVERTIBLE BONDS**

On 4 April 2016, the Company entered into the Subscription Agreement A and Subscription Agreement B with Subscriber A and Subscriber B respectively pursuant to which (i) Subscriber A has agreed to subscribe for the Convertible Bonds A up to the maximum principal amount of HK\$400 million upon written request from the Company at any time within 540 days after the date of the Subscription Agreement A and (ii) Subscriber B has agreed to subscribe for the Convertible Bonds B up to the maximum principal amount of HK\$2,000 million upon written request from the Company at any time on or prior to the fifth anniversary of the date of the Subscription Agreement B.

The Subscriptions are conditional upon (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreements and the transactions contemplated thereunder and (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Conversion Shares. If such conditions are not fulfilled, the Subscriptions will not proceed.

The total net proceeds from the Subscriptions (after deducting related expenses) are estimated to be of approximately HK\$2,399.8 million. The Company intends to use the net proceeds for general working capital and future business development of the Group.

## **SUBSCRIPTION AGREEMENT A**

### **Date**

4 April 2016

### **Parties**

- (1) The Company; and
- (2) 珠海德谷基金管理有限公司 (Zhuhai Degu Fund Management Co. Ltd.\*) (the “Subscriber A”).

Subscriber A is a limited company incorporated in the PRC and is principally engaged in fund management. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Subscriber A and its ultimate beneficial owner(s) are Independent Third Parties.

### **Conditions**

Completion of the Subscription A is conditional upon (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreement A and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds A and Conversion Shares) and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Conversion Shares.

If the above conditions are not fulfilled on or before 24 December 2017 (or such other date as the Subscriber A and the Company may agree in writing), the Subscription Agreement A shall lapse and become null and void and both the Company and the Subscriber A will be released from all obligations under the Subscription Agreement A (save for liabilities for any antecedent breaches thereof).

### **Subscription Notice**

Pursuant to the Subscription Agreement A, after the fulfillment of the above conditions, the Company shall be entitled to serve a subscription notice on the Subscriber at any time and from time to time within 540 days after the date of the Subscription Agreement A whereupon the Subscriber A shall be obliged to subscribe for such amount of the Convertible Bonds A specified in the subscription notice according to the terms of the Subscription Agreement A, subject to a minimum amount of HK\$10 million and the maximum principal amount of the Convertible Bonds A to be issued shall not exceed HK\$400 million.

The Subscription Agreement A shall lapse and cease to have effect after 540 days from the date of the Subscription Agreement A, but without prejudice to any Convertible Bonds A issued or subscription notice served prior thereto.

Under the Subscription Agreement A, the Subscriber A has no right to request the Company to issue any Convertible Bonds A.

## **Completion**

Completion shall take place within ninety days after the Company serving the subscription notice on the Subscriber A (or such other time and date as the Subscriber A and the Company may agree in writing).

## **SUBSCRIPTION AGREEMENT B**

### **Date**

4 April 2016

### **Parties**

- (1) The Company; and
- (2) 深圳市前海阿里基金管理有限公司 (Shenzhen Qianhai Ali Fund Management Co. Ltd.\*) (the “Subscriber B”).

Subscriber B is a limited company incorporated in the PRC and is principally engaged in fund management. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Subscriber B and its ultimate beneficial owner(s) are Independent Third Parties.

### **Conditions**

Completion of the Subscription B is conditional upon (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreement B and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds B and Conversion Shares) and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Conversion Shares.

If the above conditions are not fulfilled on or before 3 May 2021 (or such other date as the Subscriber B and the Company may agree in writing), the Subscription Agreement B shall lapse and become null and void and both the Company and the Subscriber B will be released from all obligations under the Subscription Agreement B (save for liabilities for any antecedent breaches thereof).

### **Subscription Notice**

Pursuant to the Subscription Agreement B, after the fulfillment of the above conditions, the Company shall be entitled to serve a subscription notice on the Subscriber B any time and from time to time on or prior to the fifth (5th) anniversary of the date of the Subscription Agreement B whereupon the Subscriber B shall be obliged to subscribe for such amount of the Convertible Bonds B specified in the subscription notice according to the terms of the Subscription Agreement B, subject to a minimum amount of HK\$10 million and the maximum principal amount of the Convertible Bonds B to be issued shall not exceed HK\$2,000 million.

If the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately before the date of issue of the subscription notice shall be at a discount of over 50% of the Conversion Price, the Company may not issue the subscription notice to the Subscriber without the written consent of the Subscriber.

The Subscription Agreement B shall lapse and cease to have effect after the fifth anniversary of the date of the Subscription Agreement B, but without prejudice to any Convertible Bonds B issued or subscription notice served prior thereto.

Under the Subscription Agreement B, the Subscriber B has no right to request the Company to issue any Convertible Bonds B.

### **Completion**

Completion shall take place within thirty days after the Company serving the subscription notice on the Subscriber B (or such other time and date as the Subscriber B and the Company may agree in writing).

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

### **Principal amount**

Convertible Bonds A: up to HK\$400 million.

Convertible Bonds B: up to HK\$2,000 million.

### **Conversion Price**

For both Convertible Bonds A and Convertible Bonds B, the conversion price is HK\$0.122 per Conversion Share, subject to the adjustments arising from events of, among others, share consolidation, share subdivision, capitalisation issue, capital distribution and issue of securities below market price as provided in the terms and conditions of the Convertible Bonds A and Convertible Bonds B.

The conversion price represents:

- (a) no discount to the closing price of HK\$0.122 per Share as quoted on the Stock Exchange on 1 April 2016, being the date of the Subscription Agreements; and
- (b) a premium of approximately 1.16% to the average closing price of approximately HK\$0.1206 per Share as quoted on the Stock Exchange for the last 5 trading days of the Shares immediately before the date of the Subscription Agreements.

The conversion price was determined after arm's length negotiations between the Company and the Subscribers after considering the current market sentiment, liquidity flow in the capital market and the historical Share prices.

**Interest**

The Convertible Bonds do not bear any interest.

**Maturity date**

The Convertible Bonds will mature on the date falling on the fifth (5th) anniversary of the date of issue. Any unredeemed and unconverted Convertible Bonds shall be mandatorily converted as if the Convertible Bonds holders thereof have exercised the conversion rights attached to the Convertible Bonds on the maturity date.

**Status and denomination**

The Convertible Bonds constitute general and unsecured obligations of the Company and shall rank equally among themselves at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

The Convertible Bonds are in registered form in the denomination of HK\$10,000,000 each.

No application will be made for the listing of the Convertible Bonds.

**Voting**

The holders of the Convertible Bonds will not be entitled to attend or vote at any meetings of the Company by reason only of being the holders of the Convertible Bonds.

**Transferability**

The Convertible Bonds may not be transferred without the consent of the Company and subject to compliance with the requirements of the Listing Rules and/or the Stock Exchange.

Subjected to the above, the Convertible Bonds (and any part thereof) may be transferable in integral multiples of HK\$10,000,000 subject to compliance with all conditions of the Convertible Bonds.

**Redemption**

The Convertible Bonds may be redeemed at 100% of the outstanding principal amount (in whole or in part) at any time and from time to time at the option of the Company prior to the maturity date of the Convertible Bonds.

Any Convertible Bonds outstanding on the maturity date shall be mandatorily converted as if the Convertible Bonds holders thereof have exercised the conversion rights attached to the Convertible Bonds on the maturity date.

## **Conversion Shares**

Based on the initial Conversion Price of HK\$0.122, a maximum number of 19,672,131,146 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 342.61% of the existing issued share capital of the Company and approximately 77.41% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

The conversion rights attaching to the Convertible Bonds shall only be exercisable so long as it will not result in the Company's non-compliance with the minimum public shareholding requirement under Rule 8.08 or other similar provisions of the Listing Rules and it does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Convertible Bonds holder and any parties acting in concert with it (as defined under the Takeovers Code).

## **General mandate**

The Conversion Shares will be issued under the general mandate from time to time granted to the Directors by the Shareholders.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

## **Events of default**

The Convertible Bonds contain events of default provisions which provide that on the occurrence of certain events of default specified in the Convertible Bonds, each of the holders of the Convertible Bonds shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds.

## EFFECT OF SUBSCRIPTIONS ON SHAREHOLDINGS

Set out below are (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company assuming full exercise of the conversion rights attached to the Convertible Bonds at the conversion price of HK\$0.122:

Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds at the conversion price of HK\$0.122	
	No. of shares	%	No. of shares	%
Sino Richest Investment Holdings Limited	863,017,507.00	15.03%	863,017,507.00	3.40%
Yau Yik Ming Leao ( <i>note 1 &amp; 2</i> )	143,000,000.00	2.49%	143,000,000.00	0.56%
Tsang King Sun ( <i>note 1</i> )	20,000,000.00	0.35%	20,000,000.00	0.08%
Subscriber A	–	0.00%	3,278,688,524.00	12.90%
Subscriber B	–	0.00%	16,393,442,622.00	64.51%
Public Shareholders	<u>4,715,883,147.00</u>	<u>82.13%</u>	<u>4,715,883,147.00</u>	<u>18.56%</u>
Total	<u>5,741,900,654.00</u>	<u>100.00%</u>	<u>25,414,031,800.00</u>	<u>100.00%</u>

Notes:

1. Mr. Yau Yik Ming Leao and Mr. Tsang King Sun are executive directors of the Company.
2. The Shares are held by Mr. Yau Yik Ming Leao as to 43,000,000 Shares personally and 100,000,000 Shares through Asiacorp International Holdings Ltd which is wholly owned by Mr. Yau Yik Ming Leao.

## REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in cultivating, and trading of agricultural produce and financial business including but not limited to money lending business.

In view of the current market conditions, the Directors consider that the Subscriptions represents a good opportunity to raise funds for the Company for its future business developments. The Subscription Agreements provides the Company with certainty and flexibility of access to capital over the coming years to align with the Group's prudent business development strategy. In addition, the issue of the Convertible Bonds would allow immediate cash inflow into the Group without any interest burden and without any immediate dilution of existing shareholdings. The Directors consider that the terms of the Subscriptions are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$0.20 million in connection with the Subscriptions. The net proceeds of approximately HK\$2,399.8 million from the Subscriptions will be used for general working capital and future business development of the Group.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
1 April 2016	Placing of new shares	Approximately HK\$41.08 million	For general working capital and future business development of the Group	Not yet completed.
31 March 2016	Issue of new shares	Approximately HK\$71.25 million	For set off against existing promissory notes	Not yet completed.
29 July 2015	Placing of new shares	Approximately HK\$64.9 million	For general working capital and future business development of the Group	HK\$16.5 million for investment in an associate; HK\$11.7 million for money lender business drawdown; HK\$4.2 million for repayment of other loan; HK\$8.8 million for administrative expenses including but not limited to rental expenses, building management fee, directors fee and staff salaries; HK\$3.4 million for office renovation; HK\$2.1 million for acquisition of fixed assets; HK\$0.7 million for office rental deposit; HK\$0.6 million for legal and professional expenses; balances held as bank deposit.



<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
30 June 2015	Issue of convertible bonds	Not yet completed	General working capital and future business development of the Group, including but not limited to financial and agricultural business	Not yet completed.
13 April 2015	Subscription of new shares	Approximately HK\$71.8 million	For general working capital and future business development of the Group	HK\$21.59 million for repayment of bank loans; HK\$8 million for loan to the independent third party; HK\$2 million for repayment of other loan; HK\$31.5 million for deposit for acquisition of a subsidiary; approximately HK\$2 million for professional fee including auditor's remuneration and legal advisory fee; HK\$1 million for deposit for purchase of fixed assets and approximately HK\$5.71 million for administrative expenses including but not limited to rental expenses, building management fee, directors' fee and staff salaries.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	China Finance Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds A and/or Convertible Bonds B
“Convertible Bonds”	collectively Convertible Bonds A and Convertible Bonds B
“Convertible Bonds A”	the zero coupon convertible bonds up to the maximum principal amount of HK\$400 million to be issued by the Company to Subscriber A pursuant to the Subscription Agreement A
“Convertible Bonds B”	the zero coupon convertible bonds up to the maximum principal amount of HK\$2,000 million to be issued by the Company to Subscriber B pursuant to the Subscription Agreement B
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons
“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, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholders”	holders of ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively Subscriber A and Subscriber B
“Subscriber A”	珠海德谷基金管理有限公司 (Zhuhai Degu Fund Management Co. Ltd.*)
“Subscriber B”	深圳市前海阿里基金管理有限公司 (Shenzhen Qianhai Ali Fund Management Co. Ltd.*)
“Subscriptions”	collectively Subscription A and Subscription B
“Subscription A”	the subscription of the Convertible Bonds A by Subscriber A pursuant to the terms and conditions of the Subscription Agreement A
“Subscription B”	the subscription of the Convertible Bonds B by Subscriber B pursuant to the terms and conditions of the Subscription Agreement B
“Subscription Agreements”	collectively Subscription Agreement A and Subscription Agreement B
“Subscription Agreement A”	the conditional subscription agreement entered into between Subscriber A and the Company dated 4 April 2016 in relation to the subscription of the Convertible Bonds A
“Subscription Agreement B”	the conditional subscription agreement entered into between Subscriber B and the Company dated 4 April 2016 in relation to the subscription of the Convertible Bonds B

“Takeovers Code”

the Code on Takeovers and Mergers

“%”

per cent.

By order of the Board  
**China Finance Investment Holdings Limited**  
**YAU YIK MING LEAO**  
*Executive Director*

Hong Kong, 4 April 2016

*As at the date of this announcement, the board of directors of the Company comprises six directors, including three executive directors, namely Mr. Yau Yik Ming Leao, Mr. Tsang King Sun and Mr. Xu Bin; and three independent non-executive directors, namely Ms. Tang Shui Man, Mr. Li Shaohua and Ms. Diao Hong.*

\* *For identification purpose only*