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DINGYI GROUP INVESTMENT LIMITED

鼎億集團投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

ISSUE OF CONVERTIBLE BOND

The Board is pleased to announce that on 21 February 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber in relation to the issue of Convertible Bonds in the principal amount of HK\$59.5 million.

The gross proceeds from the issue of the Convertible Bonds will be HK\$59.5 million. The net proceeds from the issue of the Convertible Bonds of approximately HK\$59.4 million are intended to be used as general working capital of the Group. The net price per Conversion Share to be issued is approximately HK\$0.849.

The Conversion Shares will be issued by the Company pursuant to the General Mandate granted to the Directors at the annual general meeting held on 2 September 2016. Under the General Mandate, the Company is authorised to issue up to 1,070,277,790 Shares until the revocation, variation or expiration of the General Mandate. Since the date of the annual general meeting held on 2 September 2016, the General Mandate has been utilised to issue 999,999,998 new Shares to be issued and allotted upon exercise of the conversion rights attached to the convertible bonds subscribed on 23 December 2016. Up to the date of this announcement, the Company may issue up to 70,277,792 new Shares under the unused portion of the General Mandate.

The Subscription Agreement and the issue of Conversion Shares under the General Mandate are not subject to Shareholders' approval. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

As the Subscription Agreement may or may not proceed, holders of securities of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 21 February 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber in relation to the issue of Convertible Bonds in the principal amount of HK\$59.5 million.

THE SUBSCRIPTION AGREEMENT

On 21 February 2017, the Company has entered into the Subscription Agreement with the Subscriber.

Subscription Agreement

Date: 21 February 2017 (after trading hours)

Issuer: the Company

Subscriber: CFC Group Limited as a Subscriber

Principal amount: HK\$59,500,000

Information about the Subscriber

According to the information provided by the Subscriber, the Subscriber is a limited company incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief having made reasonable enquiries:

- (i) as at the date of this announcement, the Subscriber does not hold any Shares. Assuming all the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$59,500,000 are exercised by the Subscriber in full, the Subscriber will be interested in 70,000,000 Shares, representing approximately and not more than 1.31% of the issued share capital of the Company as at the date hereof, and approximately 1.29% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full exercise of the conversion rights under the Convertible Bonds pursuant to the Subscription Agreement;
- (ii) on 23 December 2016, the Subscriber entered into a subscription agreement with the Company in relation to the issue of convertible bonds in the principal amount of HK\$220,000,000. The issue of convertible bonds to the Subscriber took place on 17 February 2017. Assuming all the conversion rights attached to the convertible bonds issued on 17 February 2017 are exercised by the Subscriber in full, the Subscriber will be interested in 258,823,529 Shares, representing approximately and not more than 4.83% of the issued share capital of the Company as at the date hereof, and approximately 4.61% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full exercise of the conversion rights under the convertible bonds pursuant to the subscription agreement dated 23 December 2016;
- (iii) assuming all the conversion rights attaching to the Convertible Bonds and the convertible bonds issued on 17 February 2017 are exercised by the Subscriber in full, the Subscriber will be interested in 328,823,529 Shares, representing approximately and not more than 6.14% of the issued share capital of the Company as at the date hereof, and approximately 5.78% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full exercise of the conversion rights under the aforementioned convertible bonds pursuant to the above subscription agreements;

- (iv) as at the date of this announcement, the Subscriber and its ultimate beneficial owner are Independent Third Parties; and
- (v) before entering into of the Subscription Agreement, except as disclosed above, neither the Subscriber nor its associates have any other interests in the Shares or any business dealings with the Group.

Conditions Precedent

Completion of the Subscription Agreement shall be subject to and conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Conversion Shares; and
- (ii) the Company having obtained all necessary consents and approvals required to be obtained on the part of the Company in respect of the issue of the Convertible Bonds pursuant to the Subscription Agreement.

If the conditions precedent of the Subscription Agreement are not fulfilled on or before 30 April 2017 (or such later date as may be agreed between the parties thereto), the Subscription Agreement will be terminated and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Completion Date

Completion of the Subscription Agreement will take place on the 45th Business Day from the date of the Subscription Agreement (subject to the fulfillment of the conditions referred to above), or such other date as the Company and the Subscriber may agree in writing. The Company shall issue the Convertible Bonds in its principal amount to the Subscriber or its nominee on the Completion Date.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Details of the principal terms of the Convertible Bonds are set out as follows:

- Issuer: The Company
- Subscriber: CFC Group Limited
- Interest: The Convertible Bonds shall bear interest at rate of 7% per annum and are payable once at the end of each year. Interest is calculated on the basis of 365 days per year and the cumulative number of days from the Bond Issue Date or the day after the end of the year to the date on which interest is payable.
- Maturity date: The third anniversary of the issue of the Convertible Bonds.
- Conversion price: HK\$0.85 per Conversion Share. The conversion price represents:
- (i) a premium of approximately 6.25% to the closing price per Share of HK\$0.8 as quoted on the Stock Exchange on the Last Trading Day;
 - (ii) a premium of approximately 9.82% to the average closing price per Share of approximately HK\$0.774 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

(iii) a premium of approximately 10.53% to the average closing price per Share of approximately HK\$0.769 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The conversion price of the Convertible Bonds was determined based on arm's length negotiations between the parties with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange.

Conversion period:

The period commencing from three months after the Bond Issue Date and ending on the Bond Maturity Date.

Conversion Shares:

The Conversion Shares will be issued by the Company pursuant to the General Mandate granted to the Directors at the annual general meeting held on 2 September 2016. Under the General Mandate, the Company is authorised to issue up to 1,070,277,790 Shares until the revocation, variation or expiration of the General Mandate.

Since the date of the annual general meeting held on 2 September 2016, the General Mandate has been utilised to issue 999,999,998 new Shares to be issued and allotted upon exercise of the conversion rights attached to the convertible bonds subscribed on 23 December 2016. Up to the date of this announcement, the Company may issue up to 70,277,792 new Shares under the unused portion of the General Mandate.

The Subscription Agreement and the issue of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Redemption:

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company undertakes to redeem in accordance with the relevant outstanding principal amount plus 10% annual interest rate premium (inclusive of interest on the outstanding amount of the Convertible Bonds).

On the occurrence of any event of default (as specified in the terms and conditions of the Convertible Bonds), the Bondholder shall give notice in writing to the Company, subject to such conditions of the Convertible Bonds, redeem all the outstanding principal amount of the Convertible Bonds. Upon receiving such written notice, the outstanding amount shall become due and payable in the manner described in the conditions of the Convertible Bonds, and the payment date shall be the 30th business day from the date of issue of the aforesaid written notice.

- Early Redemption:** The Company shall have the right, as from the expiry of 15 months following the Bond Issue Date, to partly or fully redeem the Convertible Bond early, by giving one month's prior notice in writing to the Bondholder. The amount payable by the Company to early redeem the Convertible Bonds (or any part thereof) shall be the principal amount being redeemed plus accrued interest of 7% per annum. The principal amount to be redeemed each time should be in multiples of HK\$10 million (except for the remaining odd amount).
- Ranking:** The Convertible Bonds constitute direct unconditional, unsubordinated and unsecured obligations of the Company and rank at least pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsubordinated and unsecured obligations of the Company.
- Transferability:** The Convertible Bonds shall be freely transferable provided that the Bondholder and parties acting in concert with it shall not together hold 10% (as enlarged) or more of the Shares as a result of the conversion.
- Voting rights:** The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at any general meetings of the Company.
- Listing:** The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

Conversion:

- (a) Conversion rights: The Bondholder is entitled to convert the Convertible Bonds into Shares of the Company at any time during the Conversion Period;
- (b) Minimum amount of conversion: Subject to the compliance and performance of the requirements set out in the Convertible Bonds, at any time during the Conversion Period, the Bondholder can exercise the conversion rights attached to the Convertible Bonds at his discretion unless the conversion amount is less than HK\$10,000,000, or if the outstanding principal amount of the Convertible Bonds held by the Bondholder is less than HK\$10,000,000;
- (c) Number of Conversion Shares: When any convertible bonds are convertible into Shares of the Company, the number of Conversion Shares of the Company shall be calculated as (i) the principal amount of the Convertible Bonds divided by (ii) the conversion price to be applied at the date of conversion. If the same bondholder holds more than one Convertible Bonds, the number of Conversion Shares to be issued shall be calculated based on the aggregate principal amount of the Convertible Bonds to be converted into Shares of the Company;

- (d) Loss of entitlement to repayment: Upon exercise of the conversion right by the holder of the Convertible Bonds, the relevant repayment rights of the principal (and interests and premium, if any) will be completely lost and discharged on the Conversion Date;
- (e) Non-integer Shares of the Company: Conversion Shares issued at the time of the conversion shall not include any fraction nor any cash adjustment. Notwithstanding the foregoing, if, after the Bond Issue Date, the Shares of the Company have been consolidated or reorganized as a result of the applicable law or otherwise, the Shares arising out of the exercise of any such conversion rights that are non-integer will not be issued. The Company shall pay any difference in such manner to the Bondholder according to the terms of the Convertible Bond.

Event of Default:

- (a) Insufficient share capital: the Company's number of shares are not sufficient to enable the Company fulfil its obligations in respect of the conversion of the Convertible Bonds;
- (b) Other defaults: A breach of performance or compliance of any covenant, condition or provisions (except the payment of principal amount, premium (if any) or interest (if any) and, on the date on which any bondholder gives notice in writing to the Company (containing the summary information of the breach and requirements for correction of the breach), the matter of default has not been rectified after 14 business days;

- (c) Violation of any sale and purchase agreement: any material breach of the terms of any sale and purchase agreement, including any material breach of the representations contained therein, which was not known prior to the issue and delivery of the Convertible Bonds;
- (d) Discharge and disposal of the Company: Any resolutions passed, or any order made by a court of competent jurisdiction, in relation to the dissolution or winding up of the Company or the disposal by the Company or all (or nearly all) of its assets, unless the aforementioned dissolution, winding up or disposition is due to or related to immediately followed by any merger, absorption merger, new consolidation or reorganization;
- (e) Burden: the assets or business of the Company in whole or any significant part of the burden of the right holder to take possession, or by the liquidation manager to take over;
- (f) Seizure: any significant part of the assets of the Company has been impounded, confiscated or imposed, executed or sued before a seizure order, and not discharged within 30 business days;
- (g) Suspension or delisting: if the listing of the Company's shares on the Stock Exchange is suspended for more than 90 consecutive trading days on the Stock Exchange, or the listing of the shares of the Company on the Stock Exchange is cancelled or withdrawn; or

(h) Insolvency proceedings: proceedings are brought against the Company under any applicable law of bankruptcy, reorganization or insolvency and the proceedings are not revoked or suspended within 45 days.

Company's undertakings and warranties:

(a) The Company has the authority and right to enter into the Subscription Agreement and to perform its duties under the Subscription Agreement;

(b) The Company has full authority to issue bonds and to perform the obligations of the Subscription Agreement;

(c) All approvals required for the Subscription Agreement and the Convertible Bonds and the fulfilment of the terms of the Subscription Agreement and the Convertible Bonds have been obtained or made or will be obtained or made at the time of closing;

(d) Convertible Bonds and execution certificates will be legally valid and legally binding on the Company under the terms of the Subscription Agreement, Convertible Bonds and execution certificates; and

(e) Upon the conversion of the Convertible Bonds, the Company will have sufficient authorized share capital to satisfy the exercise of the conversion rights in accordance with the terms and conditions of the Convertible Bonds.

The Company undertakes not to conduct any consolidation or subdivision of the Shares (unless the Bondholder agrees) before the Bond Maturity Date, and the Conversion Price will not be adjusted.

GENERAL MANDATE TO ISSUE THE CONVERTIBLE BONDS AND TO ALLOT AND ISSUE THE CONVERSION SHARES UPON CONVERSION OF THE CONVERTIBLE BONDS

At the annual general meeting of the Company held on 2 September 2016, a resolution of the Shareholders was passed to grant to the Directors a General Mandate to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorised to allot and issue a maximum of 1,070,277,790 new Shares under the General Mandate.

Since the date of the annual general meeting held on 2 September 2016, the General Mandate has been partly utilised to issue 999,999,998 new Shares to be issued and allotted upon exercise of the conversion rights attached to the convertible bonds subscribed on 23 December 2016. Up to the date of this announcement, the Company may issue up to 70,277,792 new Shares under the unused portion of the General Mandate.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in securities trading business, trading of wine, food and beverage business, loan financing business, metal trading business and other investments.

The Directors consider raising funds by issuing Convertible Bonds provide an opportunity for the Company to enhance its working capital and financial position, expand its existing business and allow possible future mergers and acquisitions activities.

The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the issue of the Convertible Bonds will be HK\$59.5 million. The net proceeds from the issue of the Convertible Bonds of approximately HK\$59.4 million are intended to be used as general working capital of the Group. The net price per Conversion Share to be issued is approximately HK\$0.849.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement and (ii) for illustration purpose only, immediately after the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares) is as follows:

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Li Kwong Yuk (<i>Note 1</i>)	3,834,095,405	71.58	3,834,095,405	70.66
Mr. Su Xiaonong (<i>Note 2</i>)	1,875,000	0.04	1,875,000	0.03
Subscriber (<i>Note 3</i>)	–	–	70,000,000	1.29
Other public Shareholders	1,520,168,547	28.38	1,520,168,547	28.02
Total	5,356,138,952	100.00	5,426,138,952	100.00

Notes:

1. Mr. Li Kwong Yuk, an Executive Director and the Chairman of the Company, holds 3,648,645,405 Shares through Wincon Capital Investment Limited (“WCIL”), and 11,475,000 Shares through Wincon Asset Management Limited (“WAML”). Mr. Li personally holds 173,975,000 Shares. Each of WCIL and WAML is wholly and beneficially owned by Mr. Li Kwong Yuk.
2. Mr. Su Xiaonong is an Executive Director and Chief Executive Officer of the Company.
3. As at the date of this announcement, the Subscriber holds convertible bonds in the principal amount of HK\$220,000,000. Assuming all the conversion rights attached to the convertible bonds are exercised by the Subscriber in full, the Subscriber will be interested in 258,823,529 Shares, representing approximately and not more than 4.83% of the issued share capital of the Company as at the date hereof, and approximately 4.61% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full exercise of the conversion rights under the convertible bonds pursuant to the subscription agreement dated 23 December 2016.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past 12 months immediately preceding the date of this announcement, the Company has conducted the following equity fund raising activity:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
23 December 2016 and 20 February 2017	Issue of convertible bonds under general mandate	Approximately HK\$849.5 million	Approximately RMB700 million to set up the medical management company in the PRC, which includes some small scale acquisitions of medical companies and hospitals in around three months. The remaining proceeds will be used as general working capital of the Group	– HK\$220 million not yet been utilised and remained in the bank; and – The remaining proceeds have not been received pending Completion.

GENERAL

Completion is subject to the satisfaction of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances.

As the Subscription Agreement may or may not proceed, holders of securities of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds

“Bond Issue Date”	the date on which the Convertible Bonds is issued, being the Completion Date
“Bond Maturity Date”	the third anniversary of the Bond Issue Date
“Business Day(s)”	a day, other than a Saturday, Sunday, public holiday or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are generally open for business
“Company”	Dingyi Group Investment Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on Main Board
“Completion”	completion of the Subscription Agreement
“Completion Date”	the date of Completion
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised
“Conversion Period”	From three months after the Bond Issue Date to the Bond Maturity Date
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$0.85 per Conversion Share
“Convertible Bond(s)”	the convertible bond(s) in the principal amount of HK\$59.5 million to be issued by the Company to the Subscriber pursuant to the Subscription Agreement

“Conversion Share(s)”	ordinary shares of HK\$0.01 each fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 2 September 2016 to allot, issue or deal with up to 1,070,277,790 Shares
“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 People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected person(s) (as defined in the Listing Rules) of the Company and is(are) independent of and not connected with the connected persons of the Company
“Last Trading Day”	21 February 2017, being the last day on which the Shares were traded on the Stock Exchange pending the release of this announcement
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	CFC Group Limited, a limited company incorporated in Hong Kong and is principally engaged in investment and providing investment advisory services in fields including but not limited to energy, medical, education and construction
“Subscription Agreement”	the conditional subscription agreement dated 21 February 2017 and entered into between the Company and the Subscriber in relation to the subscription of the Convertible Bonds in the principal amount of HK\$59,500,000
“%”	per cent

Yours faithfully,
By order of the Board
DINGYI GROUP INVESTMENT LIMITED
LI Kwong Yuk
Chairman and Executive Director

Hong Kong, 21 February 2017

As at the date of this announcement, the Board comprises Mr. LI Kwong Yuk (Chairman), Mr. SU Xiaonong (Chief Executive Officer) and Mr. CHEUNG Sze Ming as Executive Directors; and Mr. CHOW Shiu Ki, Mr. CAO Kuangyu and Mr. IP Chi Wai as Independent Non-executive Directors.