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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)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

ISSUE OF CONVERTIBLE BONDS

On 27 April 2017 after trading hours, the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$30,600,000.

Based on the initial conversion price of HK\$0.036, a maximum number of 850,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 8.85% of the existing issued share capital of the Company and approximately 8.13 % of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

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, (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Conversion Shares, and (iii) after fulfillment of conditions (i) and (ii) above, the Board having granted final approval to the Subscription Agreements and the transactions contemplated thereunder.

The total net proceeds from the Subscriptions (after deducting related expenses) are estimated to be of approximately HK\$30.5 million. The Company intends to use the net proceeds for general working capital and future business development of the Group.

SUBSCRIPTION AGREEMENTS

On 27 April 2017 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds in the aggregated principal amount of HK\$30,600,000.

Details of the terms of the Subscription Agreements are summarized below:

Date

27 April 2017

Parties to the Subscription Agreement I

Issuer: The Company

Subscriber: Ms. Wang Chunru (王春茹女士) (as Subscriber I)

Principal amount: HK\$15,300,000

Parties to the Subscription Agreement II

Issuer: The Company

Subscriber: Mr. Xiao Baojun (肖寶君先生) (as Subscriber II)

Principal amount: HK\$15,300,000

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owner(s) are Independent Third Parties.

Conditions precedent of the Subscriptions

Completion of the Subscriptions is conditional upon the fulfilment of the following Conditions:

- (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreements and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and Conversion Shares);
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Conversion Shares; and
- (iii) after fulfillment of conditions (i) and (ii) above, the Board having granted final approval to the Subscription Agreements and the transactions contemplated thereunder.

If the above conditions are not fulfilled on or before 19 May 2017 (or such other date as the Subscribers and the Company may agree in writing), the Subscription Agreements shall lapse and become null and void and both the Company and the two Subscribers will be released from all obligations under the Subscription Agreements (save for liabilities for any antecedent breaches thereof).

Completion

Completion shall take place within 7 business days after the date of fulfillment of all the conditions precedent of the Subscription Agreements or such other date as the Subscriber and the Company may agree in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Conversion Price

The conversion price is HK\$0.036 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.

The conversion price represents:

- (a) a discount of approximately 18.18% to the closing price of HK\$0.044 per Share as quoted on the Stock Exchange on 27 April 2017, being the date of the Subscription Agreements; and
- (b) a discount of approximately 16.28% to the average closing price of approximately HK\$0.043 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 Subscriber after considering the current market sentiment, liquidity flow in the capital market and the historical Share prices.

Interest

The Convertible Bonds shall bear interest at rate of 5.8% per annum from the date of issue until the maturity date, payable on the maturity date.

Maturity date

The Convertible Bonds will mature on the date falling on the first (1st) anniversary of the date of issue.

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 redeemed at 100% of the outstanding principal amount by the Company.

Conversion Shares

Based on the initial conversion price of HK\$0.036, a maximum number of 850,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 8.85% of the existing issued share capital of the Company and approximately 8.13% 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 granted to the Directors by the Shareholders at the annual general meeting of the Company on 15 June 2016 of up to 1,376,319,524 Shares. A total of 524,191,671 Shares have been used under the general mandate prior to the date of this announcement. The balance of the general mandate as at the date of this announcement was 852,127,853 Shares.

The Subscriptions and issue of Conversion Shares are not subject to Shareholders' approval.

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\$0.036:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Bonds	
	Number of Shares	%	Number of Shares	%
Mr. Lin Yuhao (<i>Note 1</i>)	863,017,507	8.98%	863,017,507	8.25%
Mr. Yau Yik Ming Leao (<i>Note 2</i>)	151,500,000	1.58%	151,500,000	1.45%
Subscriber I	–	0.00%	425,000,000	4.07%
Subscriber II	–	0.00%	425,000,000	4.06%
Other public Shareholders	8,594,498,145	89.44%	8,594,498,145	82.17%
	<u>9,609,015,652</u>	<u>100.00%</u>	<u>10,459,015,652</u>	<u>100%</u>

Notes:

- 863,017,507 shares were held by Sino Richest Investment Holdings Limited which is wholly owned by Mr. Lin Yuhao, non-executive Director.
- 108,500,000 shares were held by Asiacorp International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.

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 issue of the Convertible Bonds would allow immediate cash inflow into the Group 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\$0.1 million in connection with the Subscriptions. The net proceeds of approximately HK\$30.5 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:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
13 June 2016 and 12 July 2016	Issue of convertible bonds	Approximately HK\$329.75 million	Approximately HK\$280 million for the PRC micro finance business including up to approximately HK\$4 million for staff costs, rental expenses, renovation expenses and other administrative expenses and the balance as lending funds for the micro finance business; balance for general working capital of the Group	Approximately RMB212 million (equivalent to approximately HK\$240 million) for the micro finance business and approximately RMB78.7 million (equivalent to approximately HK\$90 million) for full repayment of the promissory notes in the total principal amount of RMB82.82 million issued by the Company to the vendors in connection with the acquisition of the micro finance business.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Friday, 28 April 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares with effect from 9:00 a.m. on Tuesday, 2 May 2017.

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
“Convertible Bonds”	5.8% convertible bonds in the aggregate principal amount of HK\$30,600,000 to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

“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 I and Subscriber II
“Subscriber I”	Ms. Wang Chunru (王春茹女士)
“Subscriber II”	Mr. Xiao Baojun (肖寶君先生)
“Subscription(s)”	the subscription of the Convertible Bonds by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	collectively, Subscription Agreement I and Subscription Agreement II
“Subscription Agreements I”	the conditional subscription agreement dated 27 April 2017 entered into between the Company and Subscriber I in relation to the Subscription of the Convertible Bonds
“Subscription Agreement II”	the conditional subscription agreement dated 27 April 2017 entered into between the Company and Subscriber II in relation to the Subscription of the Convertible Bonds
“Takeovers Code”	the Code on Takeovers and Mergers
“%”	per cent.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman

Hong Kong, 28 April 2017

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