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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**

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

On 23 January 2018 after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000.

Based on the initial conversion price of HK\$0.04, a maximum number of 1,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 9.71% of the existing issued share capital of the Company and approximately 8.85 % of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Subscription is conditional upon, among others, (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreement 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.

The total net proceeds from the Subscription (after deducting related expenses) are estimated to be approximately HK\$39.9 million. The Company intends to use (i) approximately HK\$13 million for repayment of debts; (ii) approximately HK\$23 million for plantation segment's operation, including approximately HK\$15.9 million for settlement of accounts payable, HK\$4.8 million for farmland rental and approximately HK\$2.3 million for staff costs; and (iii) the balance for general working capital of the Group.

## **SUBSCRIPTION AGREEMENT**

On 23 January 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000.

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

### **Date**

23 January 2018

### **Parties**

Issuer: The Company; and

Subscriber: Hui Jia Investments Limited (as Subscriber)

The Subscriber is a limited company incorporated in British Virgin Islands and is principally engaged in investment holding. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

## **Conditions precedent of the Subscription**

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

- (i) the Company having obtained all necessary authorization and approval in relation to the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds 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 14 February 2018 (or such other date as the Subscriber and the Company may agree in writing), the Subscription Agreement shall lapse and become null and void and both the Company and the Subscriber will be released from all obligations under the Subscription Agreement (save for liabilities for any antecedent breaches thereof).

## **Completion**

Completion shall take place within 14 business days after the date of fulfillment of all the conditions precedent of the Subscription Agreement or such other date as the Subscriber and the Company may agree in writing.

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

### **Principal amount**

HK\$40 million.

### **Conversion Price**

The conversion price is HK\$0.04 per Conversion Share, subject to the adjustments arising from events of 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 premium of approximately 17.65% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 23 January 2018, being the date of the Subscription Agreement; and
- (b) a premium of approximately 17.65% to the average closing price of approximately HK\$0.034 per Share as quoted on the Stock Exchange for the last 5 trading days of the Shares immediately before the date of the Subscription Agreement.

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% 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.

Subject 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**

Subject to the approval of the holders of the Convertible Bonds, 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 by 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\$0.04, a maximum number of 1,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 9.71% of the existing issued share capital of the Company and approximately 8.85% 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 (i) 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; (ii) 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) and (iii) the Board shall have sufficient general mandate for issuing new shares upon conversion of the Convertible Bonds.

## 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 16 June 2017 of up to 1,921,803,130 Shares. No Shares have been used under the general mandate prior to the date of this announcement.

The Subscription 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, 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\$0.04:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon exercise of the conversion rights under the Convertible Bonds in full	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Lin Yuhao ( <i>Note 1</i> )	863,017,507	8.38%	863,017,507	7.64%
Mr. Yau Yik Ming Leao ( <i>Note 2</i> )	101,500,000	0.99%	101,500,000	0.90%
Mr. Xu Bin ( <i>Note 3</i> )	96,080,000	0.93%	96,080,000	0.85%
Ms. Diao Jing ( <i>Note 3</i> )	96,080,000	0.93%	96,080,000	0.85%
The Subscriber and its ultimate beneficial owner ( <i>Note 4</i> )	372,560,000	3.62%	1,372,560,000	12.15%
Other public Shareholders	8,766,899,710	85.15%	8,766,899,710	77.16%
	<u>10,296,137,217</u>	<u>100.00%</u>	<u>11,296,137,217</u>	<u>100.00%</u>

*Notes:*

1. 863,017,507 shares were held by Sino Richest Investment Holdings Limited which is wholly and beneficially owned by Mr. Lin Yuhao, non-executive Director.
2. 101,500,000 shares were held by Asiacorp International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.
3. Mr. Xu Bin and Ms. Diao Jing are executive directors of the Company.
4. 372,560,000 shares were held by Ms. Chen Huifang, the ultimate beneficial owner of the Subscriber.

## **REASONS FOR THE SUBSCRIPTION 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 Subscription represents a good opportunity to raise funds for the Company for repayment of its debts and other payables. The Directors have considered other fund raising methods such as rights issue which is more costly and time consuming. Debt financing is difficult to obtain without acceptable collaterals. 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 Subscription 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 Subscription. The total net proceeds from the Subscription (after deducting related expenses) are estimated to be approximately HK\$39.9 million. The Company intends to use (i) approximately HK\$13 million for repayment of debts; (ii) approximately HK\$23 million for plantation segment's operation, including approximately HK\$15.9 million for settlement of accounts payable, HK\$4.8 million for farmland rental and approximately HK\$2.3 million for staff costs; and (iii) the balance for general working capital of the Group.

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

The Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

## 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% convertible bonds in the principal amount of HK\$40,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“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)”	a third party independent of and 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
“Subscriber”	Hui Jia Investments Limited
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Subscriber and the Company dated 23 January 2018 in relation to the subscription of the Convertible Bonds
“Takeovers Code”	the Code on Takeovers and Mergers
“%”	percent.

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

Hong Kong, 23 January 2018

*As at the date of this announcement, the board of directors of the Company comprises eight directors, including four executive directors, namely Mr. Yau Yik Ming Leao, Mr. Xu Bin, Ms. Diao Hong and Ms. Diao Jing; one non-executive director, namely Mr. Lin Yuhao, and three independent non-executive directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.*