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China Gem Holdings Limited

中國中石控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

PLACING OF NEW SHARES UNDER GENERAL MANDATE



博大證券有限公司

Partners Capital Securities Limited

On 20 April 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 719,000,000 Placing Shares at the Placing Price of HK\$0.12 per Placing Share to not less than six independent Placers.

The Placing Price represents (i) a discount of approximately 4.76% to the closing price of HK\$0.126 per Share as quoted on the Stock Exchange on 20 April 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 4.46% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to and excluding the Last Trading Day.

The Placing is conditional upon the Stock Exchange's agreeing to grant a listing of and permission to deal in the Placing Shares. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, a maximum of 719,000,000 Placing Shares represents approximately 19.998% of the issued share capital of the Company as at the date of this announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$86.3 million and approximately HK\$85.8 million, respectively.

The net proceeds from the Placing are intended to use for investment in property development related business of the Group and/or as general working capital. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, widen the Shareholder base and is in the interests of the Company and the Shareholders as a whole.

The Completion is subject to fulfillment of the conditions precedent in the Placing Agreement. As the Placing may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 April 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 719,000,000 Placing Shares to not less than six independent Placees at the Placing Price of HK\$0.12 per Placing Share. Details of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date: 20 April 2018 (after trading hours)

Parties: (1) the Company, as issuer

(2) Partners Capital Securities Limited, as Placing Agent

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

Placees

The Placing Shares will be placed to the number of Placees currently expected to be not less than six Placees who are independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties.

Number of Placing Shares

Pursuant to the Placing Agreement, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of 719,000,000 Placing Shares under the Placing represents approximately

19.998% of the issued share capital of the Company as at the date of this announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$7,190,000.

Placing Price

The Placing Price of HK\$0.12 per Placing Share represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.126 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 4.46% over the average closing price of approximately HK\$0.1256 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent taking into account (i) the market sentiment; (ii) the financial results and future prospects of the Company; and (iii) the performance of the Shares and its outlook to the potential investors. The Directors (including the independent non-executive Directors) believe the Placing can improve liquidity in the Shares, broaden its Shareholders' base and strengthen the Company's financial position. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are normal commercial terms and are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent receive a placing commission in the amount of HK\$500,000. The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the annual general meeting of the Company held on 19 December 2016 pursuant to which the Board is authorised to allot, issue and deal with up to 719,074,666 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 719,000,000 Placing Shares under the Placing represents approximately 99.99% of the entire General Mandate. As the Placing Shares will be issued under the General Mandate, the Placing is not subject to any Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions precedent of the Placing

Completion of the Placing is conditional upon the following conditions having been fulfilled:

- (1) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares; and
- (2) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Placing Agreement up to the Completion Date (other than any temporary suspension relating to the clearance of any announcement in respect of the Placing Agreement) and no indication being received on or before the Completion Date from the Stock Exchange and/or the SFC to the effect that the listing of the Shares or the Placing Shares (as the case may be) on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) in connection with the terms of the Placing Agreement.

In the event that any of the above conditions is not fulfilled by 1 June 2018 or such later date as may be agreed by the Placing Agent and the Company in writing, all rights, obligations and liabilities of the parties to the Placing Agreement thereunder in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Completion of the Placing

Completion of the Placing is expected to take place on the fifth business day after fulfillment of the above conditions precedent or such other date as may be agreed between the Company and the Placing Agent (the “**Completion Date**”).

Termination of the Placing Agreement

The Placing Agent shall be entitled to terminate the Placing Agreement by notice in writing given to the Company prior to 10:00 a.m. (Hong Kong time) on the Completion Date, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the events as set out below:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole and/or prejudice the success of the Placing;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, taxation, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America), exchange control or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of

circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; and

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If, at or prior to 10:00 a.m. (Hong Kong time) on the Completion Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than four consecutive trading days save for the purposes of clearing of the announcements relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFIT OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in money lending, license and financial service business, fund investment and property development.

Following the Placing and on the basis that all Placing Shares are successfully placed, the Company will receive net proceeds of approximately HK\$85.8 million.

The proceeds of the Placing shall be used for investment in property development related business of the Group and/or as general working capital.

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement (including the Placing Price) are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that the Placing Shares are fully placed under the Placing and there being no other change in the share capital and shareholding structure of the Company from the date of this announcement:

	As at the date of this announcement		Immediately upon the Completion	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
China Gem Financial Group Limited	1,042,231,080	28.99	1,042,231,080	24.16
Hua Tai Investment Co. Ltd. Places	493,160,000	13.72	493,160,000	11.43
Other Public Shareholders	—	—	719,000,000	16.67
	<u>2,059,982,250</u>	<u>57.29</u>	<u>2,059,982,250</u>	<u>47.74</u>
	<u>3,595,373,330</u>	<u>100.00</u>	<u>4,314,373,330</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company did not conduct any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

The Completion is subject to fulfilment of the conditions precedent in the Placing Agreement. As the Placing may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks and the relevant financial markets are open for general business in Hong Kong
“Company”	China Gem Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing of the Placing Shares
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 19 December 2016 to allot, issue and deal with up to 20 per cent of the total number of issued 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 Parties”	third party(ies) independent of, not connected nor acting in concert (as defined in the Code on Takeovers and Mergers) with the Company and any of its connected persons or any of their respective associates (as defined under the Listing Rules)
“Last Trading Date”	20 April 2018, being the trading day of the Shares on the Stock Exchange on the date of the signing of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual, institutional or other professional investors procured by the Placing Agent to subscribe for the Placing Shares

“Placing”	the placing of the Placing Shares by the Placees under the Placing Agreements
“Placing Agent”	Partners Capital Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered between the Company and the Placing Agent dated 20 April 2018 in relation to the Placing
“Placing Price”	HK\$0.12 per Placing Share
“Placing Shares”	up to 719,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
China Gem Holdings Limited
Liu Jieshan
Chairman

Hong Kong, 20 April 2018

As at the date of this announcement, the Board comprises Mr. Liu Jieshan, Mr. Cui Lei, Mr. Yang Huaijun and Mr. Han Litie as executive Directors and Mr. Wu Shiming, Mr. Su Xihe and Mr. Wong Wai Chun Alex as the independent non-executive Directors.