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ASIA INVESTMENT FINANCE GROUP LIMITED

亞投金融集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 33)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 29th October 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe, or cause its affiliated company to subscribe, for the Convertible Bonds in an aggregate principal amount of HK\$50,000,000.

Based on the initial Conversion Price of HK\$0.1 per Conversion Shares, 500,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent approximately 5.36% of the existing issued share capital of the Company and approximately 5.09% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued under the General Mandate.

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 net proceeds from the Subscription of HK\$50.0 million will be used mainly for the development of the Group's artificial intelligence and robotics business.

Completion of the transaction under the Subscription Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction under the Subscription Agreement may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENT

On 29th October 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, or cause its affiliated company to subscribe, for the Convertible Bonds in the aggregate principal amount of HK\$50,000,000.

Date

29th October 2018 (after trading hours)

Parties

Issuer: The Company

Subscriber: Atlantis China Star Fund Limited

Principal amount: HK\$50,000,000

To the best of the Directors' information and belief after having made all reasonable enquiry, the Subscriber is an Independent Third Party and has no other business relationship with the Group. The Subscriber is principally engaged in equity investments in both listed and private companies in Hong Kong and the PRC.

Conditions precedent of the Subscriptions

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

- (i) the Stock Exchange granting the listing of and permission to deal in the Conversion Shares on the Stock Exchange;

- (ii) all necessary consents and approvals required to be obtained on the part of the Subscriber and the Company in respect of the Subscription Agreement having been obtained; and the Subscriber and the Company having complied with all applicable laws and rules; and there is no prohibition or material delay imposed by the relevant authorities regarding completion of the Subscription Agreement;
- (iii) all issued shares of the Company remain listed on the Stock Exchange; the Stock Exchange has not objected to such listing or raised any questions, queries or objections to the Company maintaining its listing status; and there being no matters or circumstances which would cause the Stock Exchange making such objections;
- (iv) the person nominated by the Subscriber being appointed as non-executive Director;
- (v) no facts or circumstances have occurred which would have any material adverse effect on the Company's business, assets, financial condition, performance, operation, properties or other affairs (financial or otherwise);
- (vi) the information and group structure of the Company as set out in the Subscription Agreement remain unchanged and all members of the Group remain validly existing as at Completion;
- (vii) the Subscriber being satisfied with the due diligence exercise conducted on the Group (including without limitation due diligence on the Group's business, operation and financial matters);
- (viii) there being no material breach of the Company's warranties under the Subscription Agreement; such warranties not being misleading or untrue in any material respects; and the Company has not committed any material breach of the Subscription Agreement; and
- (ix) there being no material breach of the Subscriber's warranties under the Subscription Agreement; such warranties not being misleading or untrue in any material respects; and the Subscriber has not committed any material breach of the Subscription Agreement.

If the aforesaid conditions are not satisfied on or before 5:00 p.m. on 30th November 2018 (or such other date as the Company and the Subscriber may agree), the Subscription Agreement shall terminate and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breaches.

Completion

Completion of the Subscription shall take place on the 7th Business Day after all the conditions listed above have been satisfied but in any event shall not be later than 11th December 2018 or such other date as the Company and the Subscriber may agree.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Conversion Price

The initial Conversion Price is HK\$0.1 per Conversion Share, subject to the adjustments arising from events of share consolidation, share subdivision, capitalization issue and capital distribution as provided in the terms and conditions of the Convertible Bonds.

The Conversion Price represents:

- (a) a premium of approximately 51.5% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on 29th October 2018, being the date of the Subscription Agreement; and
- (b) a premium of approximately 61.3% to the average closing price of HK\$0.062 per Share as quoted on the Stock Exchange for the last 5 trading days immediately before 29th October 2018, being 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 the rate of 5% per annum from the date of issue until the Maturity Date, and the interest is payable semi-annually.

Maturity date

The Convertible Bonds will mature on the date falling on the third (3rd) anniversary of the date of issue of the Convertible Bonds.

Status and denomination

The Convertible Bonds constitute general and unsecured obligations of the Company and shall rank equally among themselves and 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\$250,000 each.

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

Transferability

The Convertible Bonds may be transferred subject to compliance with the requirements of the Listing Rules, the Code on Takeovers and Mergers of Hong Kong and other applicable laws and rules.

Subject to the above, the Convertible Bonds (and any part thereof) may be transferable in integral multiples of HK\$250,000 subject to compliance with all conditions of the Convertible Bonds.

Redemption

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\$0.1, a maximum number of 500,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 5.36% of the existing issued share capital of the Company and approximately 5.09% 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 the Listing Rules.

General Mandate

The Conversion Shares will be issued pursuant to the General Mandate. As at the date of this announcement, no Share has been issued pursuant to the General Mandate.

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, each of the holders of the Convertible Bonds shall be entitled to demand for immediate repayment of the principal amount outstanding under the Convertible Bonds.

EFFECT OF THE SUBSCRIPTION 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\$0.1:

Name of Shareholders	As at the date of this announcement		Immediately after conversion of the Convertible Bonds in full	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholders				
Internet Finance Investment Co. Ltd. and/or Ms. Cheung Kwan (<i>Note</i>)	2,450,000,000	26.3	2,450,000,000	24.9
Public Shareholders				
The Subscriber	–	–	500,000,000	5.1
Other public Shareholders	<u>6,877,172,000</u>	<u>73.7</u>	<u>6,877,172,000</u>	<u>70.0</u>
	<u><u>9,327,172,000</u></u>	<u><u>100.0</u></u>	<u><u>9,827,172,000</u></u>	<u><u>100.0</u></u>

Notes: Internet Finance Investment Co. Ltd. is wholly owned by Ms. Cheung Kwan.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in securities brokerage and asset management, money lending business, credit guarantee and investment and development on artificial intelligence and robotics business, trading of party products and metal and mineral.

The Directors are of the view that the Subscription will strengthen the Group's business development on artificial intelligence and robotics business.

The Directors consider that the terms of the Subscription to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The net proceeds of HK\$50.0 million from the Subscription will be mainly used for development of the Group’s artificial intelligence and robotics business.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

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

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and other general holidays in Hong Kong) on which banks in Hong Kong are generally open for business
“Company”	Asia Investment Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0033)
“Completion”	Completion of the Subscription
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$50,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Conversion Price”	The initial conversion price of the Convertible Bonds, being HK\$0.10 per Conversion Share (subject to adjustments)
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds

“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	The general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 22 June 2018 to allot and issue up to 1,865,434,400 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	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
“Maturity Date”	The date falling on the third anniversary of the date of issue of the Convertible Bonds
“PRC”	the People’s Republic of China for the purpose of this announcement, excluding Hong Kong and the Macau Special Administration Region
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Atlantis China Star Fund Limited, a company incorporated in the Cayman Islands with limited liability
“Subscription”	the subscription of the Convertible Bonds by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreement”	the agreement dated 29 th October 2018 made between the Company and the Subscriber in respect of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Asia Investment Finance Group Limited
Cheung Kwan
Chairperson and Executive Director

Hong Kong, 29th October 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Cheung Kwan, Mr. Ling Zack Xiange, and Mr. Liu Hu; one non-executive Director, Mr. Wang Dayong; and three independent non-executive Directors, namely Mr. Anthony Espina, Mr. Ge Ming and Mr. Wang Jun Sheng.