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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)**

### **FRAMEWORK AGREEMENT IN RESPECT OF A PROPOSED ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to announce that on 15 March 2017 (after trading hours), B&R Security International Company Limited, being a wholly-owned subsidiary of the Company, entered into the Framework Agreement with 北京德威保安服務有限公司 (Beijing DeWe Security Services Co., Limited\*) and 德威控股集團有限公司 (DeWe Holding Group Limited\*), pursuant to which B&R intended to purchase and the Vendor intended to sell 20% of the total issued shares of the Target Company, which is incorporated in Hong Kong with limited liability and is principally engaged in provision of integrated security service solutions in Hong Kong, Macau and overseas countries.

The Framework Agreement is not intended to be legally binding (save for the provisions on earnest money, guarantee and indemnity, exclusivity, confidentiality, notices, counterparts, validity, governing law and jurisdiction as well as expenses). If the Group proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendor and the Guarantor in respect of the Proposed Acquisition.

**The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and the Group has not entered into any legally binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **FRAMEWORK AGREEMENT**

The Board would like to announce that on 15 March 2017 (after trading hours), B&R, being a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Vendor and the Guarantor, pursuant to which B&R intended to purchase and the Vendor intended to sell 20% of the total issued shares of the Target Company, which is incorporated in Hong Kong with limited liability and is principally engaged in provision of integrated security service solutions in Hong Kong, Macau and overseas countries.

The principal terms of the Framework Agreement are as follows:

Date: 15 March 2017 (after trading hours)

Parties: (a) B&R  
(b) the Vendor  
(c) the Guarantor, an affiliate of the Vendor

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor, the Guarantor and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Assets to be acquired**

B&R, being a wholly-owned subsidiary of the Company, intended to purchase and the Vendor intended to sell 20% of the total issued shares of the Target Company. The Target Company is incorporated in Hong Kong with limited liability and is principally engaged in provision of integrated security service solutions in Hong Kong, Macau and overseas countries.

The Vendor is a leading professional enterprise of public security service in the PRC. The Target Company, being a wholly-owned subsidiary of the Vendor, has been positioned to provide overseas Chinese-funded enterprises and Chinese with the integrated security service solutions featured by four core elements comprising (a) professional public security consulting, (b) self-developed training system of public security, (c) professional team of onsite security management and (d) customised security facility planning and implementation. The Vendor through the Target Group has built up a broad Chinese client base in over 30 overseas countries and has been providing public security services to governmental agencies, state-owned enterprises and overseas private enterprises. The Target Group has committed to play an active role in safeguarding national economic interests as well as life and property security of Chinese citizens overseas, particularly in the countries and regions within the scope of the “One-Belt-One-Road” policy.

## **Consideration**

The consideration of the Proposed Acquisition shall be subject to further negotiation between B&R and the Vendor after considering the final valuation of the Target Group issued by a valuer.

As the details of the Proposed Acquisition have not been finalised, B&R, the Vendor and the Guarantor shall discuss the detailed terms of the Formal Agreement in good faith and intend to (or procure their respective designated parties) to enter into the Formal Agreement within 90 working days from the date of the Framework Agreement (or such later date as may be agreed by B&R, the Vendor and the Guarantor).

## **Earnest Money**

To express its sincerity in cooperation, B&R shall pay an earnest money of HK\$8 million to the Vendor within 5 working days from the date of the Framework Agreement. B&R, the Vendor and the Guarantor have agreed that, should the parties enter into the Formal Agreement for the Proposed Acquisition, the Earnest Money shall be applied as part of the consideration or expenses payable by B&R to the Vendor under the Formal Agreement.

B&R, the Vendor and the Guarantor have agreed that, unless the Formal Agreement is entered into, the Vendor shall return the Earnest Money together with interest to B&R within 7 working days from the date of termination of the Framework Agreement if it is to be terminated. Interest shall be calculated at the monthly rate of 1.5% on the actual number of days elapsed from the date of payment of the Earnest Money to the Vendor.

## **Guarantee and Indemnity**

In view of B&R entering into of the Framework Agreement, the Guarantor, being an affiliate of the Vendor, has unconditionally and irrevocably undertaken to B&R the following matters:

- (a) the Vendor shall duly perform, comply with and assume its obligations under the Framework Agreement, including but not limited to the return of the Earnest Money in accordance with the Framework Agreement. If the Vendor fails to perform, comply with and assume the aforementioned obligations, the Guarantor shall, at the request of B&R, fully indemnify B&R for all losses arising from any breach of the above obligations by the Vendor; and
- (b) the Guarantor confirms that B&R shall have the right to directly request the Guarantor for the performance of all obligations of the Vendor under the Framework Agreement without first requiring the Vendor to perform such obligations. At any time, the guarantee given by the Guarantor shall not be waived or reduced for the reason of any waiver obtained by the Vendor, loss of independent status of the Vendor, any transactions or dealings between B&R and the Vendor, or any amendments or additions to the Framework Agreement.

The Guarantor has undertaken and warranted to take steps to obtain all approvals within the statutory timeframe from any government authorities or other bodies required by applicable law, including but not limited to registration of external debt and deregistration of onshore

guarantees for offshore loans with the State Administration of Foreign Exchange of the PRC (if necessary). The Guarantor has unconditionally and irrevocably undertaken that any registration with the State Administration of Foreign Exchange of the PRC will be completed within 15 working days from the date of the Framework Agreement.

### **Conditions Precedent**

Completion of the Proposed Acquisition is conditional upon satisfaction of the conditions precedent, including but not limited to:

- (a) B&R having been reasonably satisfied with, and having completed, the Due Diligence Review on the financial, legal, business; operational and other matters of the Target Group, and no material adverse change in such matters having been identified prior to the completion date of the Formal Agreement;
- (b) the relevant legal advisers having issued a legal opinion to B&R in respect of the due incorporation, shareholders and business scope of the Target Group and such other matters reasonably required by B&R in such form and substance satisfactory to B&R;
- (c) the Shareholders having approved the Proposed Transaction at the extraordinary general meeting of the Company in accordance with the Listing Rules (where applicable);
- (d) the valuer having issued a valuation report in respect of the business or other assets (where applicable) of the Target Group in accordance with the Listing Rules in such form and substance reasonably satisfactory to B&R;
- (e) the accountants acceptable to B&R having issued a consolidated or combined audited account of the Target Group for the latest financial year in such form and substance satisfactory to B&R; and
- (f) B&R, the Vendor and the Guarantor having obtained all necessary consents, filings and approvals from any third parties, including any government, official or regulatory authorities, for the sale and purchase of the Target Shares, and no statute, rule, regulation or decision which would prohibit or restrict the Proposed Acquisition having been proposed, enacted or taken by any government, official or regulatory authorities.

If the above conditions precedent cannot be satisfied by the Long Stop Date, the Formal Agreement shall terminate on the Long Stop Date unless all or part of the conditions precedent (other than the above conditions (c) and (f) which cannot be waived) have been waived by the parties (as the case may be) in writing. After the Long Stop Date, no party to the Formal Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Formal Agreement on or before the Long Stop Date.

### **Exclusivity**

The Vendor and the Guarantor have undertaken that B&R shall have exclusive pre-emptive rights to all or any shares of the Target Company (including the Target Shares) within 90 working days from the date of the Framework Agreement. Accordingly, the Vendor and the Guarantor shall not allow any third parties other than the members of the Group to

participate in the sale and purchase of any shares of the Target Company, including the Target Shares, save for the prior written consent of B&R. The Vendor and the Guarantor have further undertaken and guaranteed that the Vendor shall not negotiate with any third parties in respect of the sale and purchase of any shares of the Target Company or any transactions or agreements having such effect during the above period.

### **Validity**

Save for the provisions on earnest money, guarantee and indemnity, exclusivity, confidentiality, notices, counterparts, validity, governing law and jurisdiction as well as expenses which are legally binding, other terms of the Framework Agreement are for discussion purposes only and do not constitute any legally binding obligations to any parties unless the Formal Agreement has been entered into between B&R, the Vendor and the Guarantor.

The Framework Agreement shall become effective on the date of the Framework Agreement and shall terminate and be of no legal force and effect on (whichever is the earliest) (i) the date of the Formal Agreement; (ii) the date on which B&R is to give a written notice to the Vendor and the Guarantor for the termination of the Framework Agreement; or (iii) the 90th working day from the date of the Framework Agreement or such later date as may be agreed by B&R, the Vendor and the Guarantor, save for provisions on earnest money, guarantee and indemnity, confidentiality, notices, counterparts, validity, governing law and jurisdiction as well as expenses which shall continue to have legal force and effect after the termination of the Framework Agreement, without prejudice to any obligations of any party towards each other arising from any breaches of the Framework Agreement during the validity period thereof.

### **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Group is currently principally engaged in stockbroking, investment and asset management, money lending, credit guarantee and trading related businesses.

As mentioned in the interim report of the Company for the six months period ended 30 June 2016, despite the uncertainties in the global economy, the Group is still confident in the future about the global financial markets, particularly in those countries and regions within the scope of the “One-Belt-One-Road” policy. As detailed in the announcement of the Company dated 14 September 2016, the Company entered into a memorandum of understanding with Kazyna Capital Management Joint Stock Company (“KCM”) in relation to the proposed joint establishment of the Hong Kong Kazakhstan Logistics & Growth Fund with target capitalization of not less than USD1 billion in response to development opportunities arising from the national strategy of “One-Belt-One-Road” initiative. KCM was established by the government of the Republic of Kazakhstan in accordance with legislation of the Republic of Kazakhstan as a joint stock company in 2007. As detailed in the announcement of the Company dated 23 December 2016, the Company has entered into framework agreements with CITIC Merchant Co., Limited (“CITIC Merchant”) for the proposed subscription of convertible bonds by CITIC Merchant and the proposed joint venture between the Company and CITIC Merchant to explore investment opportunities in state-owned enterprises restructuring and overseas mergers and acquisitions.

In light of the above recent business development of the Group in the field of asset management and investment, the Group is optimistic about investment in the business of public security services in the countries and regions within the scope of the “One-Belt-One-Road” policy, and considers the Target Company, being well-positioned in the overseas public securities services business and having built up a well-established client base amongst Chinese governmental agencies, state-owned enterprises and overseas private enterprise, represents an investment opportunity to enhance corporate development and broaden the income base of the Group.

Accordingly, the Directors consider that the terms of the Framework Agreement are fair and reasonable and that the Proposed Acquisition is in the interest of the Company and Shareholders as a whole.

## **GENERAL**

**The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and the Group has not entered into any legally binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.**

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“affiliate”	any person, directly or indirectly, controlling, controlled by or under direct or indirect common control with an other person
“B&R”	B&R Security International Company Limited (一帶一路安保國際有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Board”	board of the Directors
“Company”	Asia Investment Finance Group Limited (亞投金融集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 33)
“Directors”	directors of the Company

“Due Diligence Review”	due diligence review and investigation entitled to be carried out by B&R and its advisers on the books, records, properties and assets of the Target Group as provided by the Vendor prior to the Proposed Acquisition
“Earnest Money”	an earnest money of HK\$8 million payable by B&R to the Vendor within 5 working days from the date of the Framework Agreement pursuant to the terms and conditions of the Framework Agreement
“Formal Agreement”	a formal sale and purchase agreement to be entered into amongst B&R, the Vendor and the Guarantor in respect of the Proposed Acquisition and incorporating the terms of the Framework Agreement
“Framework Agreement”	the cooperative framework agreement dated 15 March 2017 entered into among B&R, the Vendor and the Guarantor in relation to the Proposed Acquisition
“Guarantor”	德威控股集團有限公司 (DeWe Holding Group Limited*) , a company established in the PRC with limited liability, being an affiliate of the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2017 or such date as may be otherwise agreed by the Company, the Vendor and the Guarantor pursuant to the Framework Agreement
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, not include Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Proposed Acquisition”	the proposed acquisition by B&R for the Target Shares
“Share(s)”	share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong DeWe Security Services Co., Limited, a company incorporated in Hong Kong with limited liability, which is engaged in provision of integrated security service solutions in Hong Kong, Macau and overseas countries

“Target Group”	the Target Company and its subsidiaries from time to time
“Target Shares”	20% of the total issued shares of the Target Company
“Vendor”	北京德威保安服務有限公司 (Beijing DeWe Security Services Co., Limited*), a company established in the PRC with limited liability

By Order of the Board  
**Asia Investment Finance Group Limited**  
**Wei Jiafu**  
*Executive Director*

Hong Kong, 15 March 2017

*As at the date of this announcement, the Board comprises five executive Directors, namely Ms. Cheung Kwan, Mr. Wei Jiafu, Mr. Huang Shenglan, Mr. Cheng Wen and Mr. Wong Kwong Sum; and three independent non-executive Directors, namely Mr. Anthony Espina, Mr. Wong Tin Yau, Kelvin and Mr. Ho Chun Chung, Patrick.*

\* *For identification purpose only*