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ASIA INVESTMENT FINANCE GROUP LIMITED

亞投金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

**INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING IN RELATION TO
THE PROPOSED JOINT ESTABLISHMENT OF
CHINA-KAZAKHSTAN NURLY INVESTMENT FUND**

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 SFO.

The Board is pleased to announce that on 7 June 2017 (after trading hours), the Company entered into the MOU with CITIC and KCM in relation to the proposed joint establishment of the Fund with target size of up to USD300 million for making equity and quasi-equity investments in projects in Kazakhstan and other countries of “One Belt, One Road” initiative.

Save for the provision of confidentiality, the MOU is not intended to be legally binding. If the Company is to proceed with the proposed joint establishment of the Fund, it will enter into legally binding agreement(s) with CITIC and KCM in this regard.

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 SFO.

MEMORANDUM OF UNDERSTANDING

The principal terms of the MOU are as follows:

Date: 7 June 2017 (after trading hours)

Parties: The Company, CITIC and KCM

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. KCM is wholly-owned by Baiterek National Management Holding JSC, the ultimate principal shareholder of which is the government of the Republic of Kazakhstan. Also, KCM is a fund ensuring a flow of direct investments in project companies through its participation in private equity funds with the aim to ensure diversification, modernization and sustainable development of the national economy of Kazakhstan.

CITIC is a large state-owned multinational conglomerate established under the laws of China with a wide range of businesses covering finance, resources and energy, manufacturing, engineering contracting and real estate as well as others.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, CITIC and KCM as well as their respective ultimate beneficial owner(s) are Independent Third Parties.

Proposed investment objectives and strategy of the Fund

The goal of the MOU is to establish the Fund with target size of up to USD300 million. The purposes of the Fund include:

- investing in infrastructure, mining and processing, energy, logistics, agriculture, information technology and other sectors; and
- making equity and quasi-equity investments in projects in Kazakhstan and other countries of “One Belt, One Road” initiative.

Definitive Documents

The Parties acknowledge that the Parties may enter into definitive, legally binding agreements and the Parties agree to discuss and negotiate such definitive agreements in good faith and with the understanding that such definitive agreements will contain such other terms and conditions as the Parties may deem necessary or appropriate in the circumstances. The negotiation and execution of the definitive agreements in a mutually acceptable form shall be subject, but not limited, to (1) receipt of any necessary regulatory or governmental approvals and any required third party consents, and (2) approval by the board of directors or any other applicable corporate approvals of each Party, if necessary.

Binding effect

Save for the provision of confidentiality, the MOU is not intended to be legally binding. If the Company is to proceed with the proposed joint establishment of the Fund, it will enter into legally binding agreement(s) with CITIC and KCM in this regard.

The MOU shall be in effect for three years upon signing by all the Parties, unless terminated earlier by written notice of one of the Parties to the other Parties or entry into definitive agreements by the Parties and shall terminate automatically upon expiry of its term unless extension of the term of the MOU is agreed by the Parties.

REASONS FOR AND BENEFITS OF THE JOINT ESTABLISHMENT OF THE FUND

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

The management of the Group is confident in the future about the global economies and financial markets, particularly in those countries and regions within the scope of and in direction with the “One Belt, One Road” policy. The Group has widened its principal scope of business after completion of the acquisition of two licensed corporations regulated by the SFC in Hong Kong, which carry out Type 1 (dealing in Securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

As KCM is a well-established sovereign fund entity of the government of the Republic of Kazakhstan, the Directors believe that the strategic cooperation with KCM can enable the Group to co-invest in those countries along the “One Belt, One Road” routes more effectively. In addition to the memorandum of understanding entered into between the Company and KCM on 14 September 2016 as disclosed in the announcement of the Company date 14 September 2016, the joint establishment of the Fund will be a significant opportunity for the Group to launch and raise fund for expansion of its financial platform across the globe, and is also an important move taken by the Group in response to development opportunities arising from the national strategy of “One Belt, One Road” initiative.

As CITIC is also a large state-owned enterprise directly subordinated to the State Council of the PRC with a wide range of business operations in PRC and overseas, the Directors believe that the participation of CITIC in strategic cooperation with KCM for the joint establishment of the Fund, being a diversified and positive addition to the Group’s existing cooperation with KCM, will bring enhanced potential sources of funding, project investment opportunities, successful investment experiences, and talents from different sectors for the Fund. Hence, the cooperation with CITIC can provide synergy effect for the Fund and establish a new model of cooperation, which enables the Group to serve the “One Belt, One Road” national policy efficiently and will benefit the Group in the future.

The Directors consider that the terms of the MOU are fair and reasonable and that the proposed joint establishment of the Fund is in the interest of the Company and Shareholders as a whole.

GENERAL

The Board wishes to emphasise that the proposed joint establishment of the Fund may or may not proceed and that the Company has not entered into any binding agreement in relation to the proposed joint establishment of the Fund as at the date of this announcement. If the proposed joint establishment of the Fund materialises, it may constitute a notifiable transaction for 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(s) in respect of the proposed joint establishment of the Fund as and when appropriate in accordance with the Listing Rules and/or the SFO.

DEFINITIONS

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

“Board”	board of the Directors
“CITIC”	CITIC Group Corporation, a limited company incorporated under the laws of the PRC
“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
“Fund”	the China-Kazakhstan Nurly Investment Fund to be jointly established by the Parties pursuant to the MOU
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) that is/are independent of and not connected with the Company, any promoter(s), director(s), supervisor(s), chief executive(s), substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates
“KCM”	Kazyna Capital Management, JSC, a joint stock company incorporated in the Republic of Kazakhstan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 7 June 2017 entered into between the Company, CITIC and KCM in relation to the proposed joint establishment of the Fund
“Party(ies)”	the Company, CITIC and KCM
“PRC or China”	means the People’s Republic of China, which, for the purpose of the MOU, shall not include Hong Kong, Taiwan and the Special Administrative Region of Macau
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“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
“USD”	the lawful currency of the United States of America

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

Hong Kong, 7 June 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 four Independent Non-executive Directors, namely Mr. Anthony Espina, Mr. Wong Tin Yau, Kelvin, Mr. Ge Ming and Mr. Ho Chun Chung, Patrick.