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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: 00033)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

FORMATION OF JV COMPANY

The Board announced that AIF Internet Finance Company Limited (an indirect wholly-owned subsidiary of the Company) and 重慶臨空開發投資集團有限公司 (transliterated as Chongqing Linkong Development Investment Group Limited*, whose controlling shareholder is the government of Yubei District, Chongqing) entered into (i) the Shareholders' Agreement on 27 October 2017 and (ii) the JV Articles on 18 October 2017 for the formation of the JV Company in Chongqing, PRC for the purpose of engaging in the business of equity investment management. The JV Company will be held as to 90% by AIF Internet Finance and 10% by the JV Partner.

LISTING RULES IMPLICATIONS

As applicable percentage ratios (as defined under the Listing Rules) in respect of the total capital commitment of AIF Internet Finance pursuant to the Shareholders' Agreement and the JV Articles are more than 5% but are less than 25%, the formation of the JV Company constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Board announced that AIF Internet Finance (an indirect wholly-owned subsidiary of the Company) and the JV Partner entered into (i) the Shareholders' Agreement on 27 October 2017; and (ii) the JV Articles on 18 October 2017 for the formation of the JV Company in Chongqing, the PRC for the purpose of engaging in the business of equity investment management. The business license of the JV Company was issued by the relevant PRC government authority on 18 October 2017. The normal operation of the JV Company will start once the Asset Management Association of China (中國證券投資基金業協會) approves the JV Company as a private equity fund manager.

THE SHAREHOLDERS' AGREEMENT

Date of execution of the Shareholders' Agreement: 27 October 2017

Parties to the Shareholders' Agreement:

- (i) Asia Investments Internet Finance Company Limited (亞投互聯網金融有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.
- (ii) 重慶臨空開發投資集團有限公司 (transliterated as Chongqing Linkong Development Investment Group Limited*), a company established in the PRC with limited liability, whose controlling shareholder is the government of Yubei District, Chongqing and which is principally engaged in investment business, financing services, equities management, real estate investment, fund operation, asset consolidation and industrial development etc.

Name of the JV Company: 重慶富甲天下股權投資基金管理有限公司 (transliterated as Chongqing Fujia Tianxia Equity Investment Fund Management Company Limited*).

Term: The term of the JV Company is perpetual, commencing from 18 October 2017, being the date of its establishment.

Deregistration of the JV Company: In the event that the JV Company could not obtain the approval regarding private equity fund manager from the Asset Management Association of China, the JV Board shall initiate the procedures of cancellation of business registration to deregister the JV Company.

Capital commitment:

The registered capital of the JV Company is RMB50,000,000, which will be contributed by each of AIF Internet Finance and the JV Partner in the amount of RMB45,000,000 (its equivalent HK\$) and RMB5,000,000, respectively.

Subject to obtaining the approval regarding private equity fund manager from the Asset Management Association of China, AIF Internet Finance and the JV Partner are required to pay up its committed registered capital in the respective amounts of (i) initial capital of RMB4,500,000 (its equivalent HK\$) and RMB500,000 within three months; and (ii) second tranche capital of RMB40,500,000 (its equivalent HK\$) and RMB4,500,000 within two years of establishment of the JV Company.

The said capital commitment was determined after arm's length negotiation between the parties with reference to the capital requirement of the JV Company and capital contribution intentions of the parties.

The contribution of the registered capital by AIF Internet Finance will be financed by internal resources of the Group.

Management of the JV Company:

The JV Board shall comprise five (5) members. Each of AIF Internet Finance and the JV Partner shall have the right to nominate four (4) members (including the chairman) and one (1) member to the JV Board, respectively.

The JV Company shall have a supervisor to be nominated by AIF Internet Finance.

THE JV ARTICLES

Salient terms in the JV Articles regarding the term, capital commitment and management of the JV Company are basically the same as those in the Shareholders' Agreement.

Other salient terms of the JV Articles are set forth below:

The JV Articles

Date of execution of the JV 18 October 2017

Articles:

- Parties to the JV Articles:
- (i) Asia Investments Internet Finance Company Limited (亞投互聯網金融有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.
 - (ii) 重慶臨空開發投資集團有限公司 (transliterated as Chongqing Linkong Development Investment Group Limited*), a company established in the PRC with limited liability, whose controlling shareholder is the government of Yubei District, Chongqing and which is principally engaged in investment business, financing services, equities management, real estate investment, fund operation, asset consolidation and industrial development etc.

Scope of business of the JV Company:

Equity investment management.

The total investment amount of the JV Company is RMB50,000,000.

The JV Board, the supervisor and the general manager:

Appointment of each director shall be for term of 3 years, with appointment to be renewable upon expiry of the term, or dismissed during the term, by the party which nominates the director.

The term of the supervisor shall be 3 years and is renewable upon expiry, or can be dismissed, by the party which nominated the supervisor.

The JV Company shall have a general manager who is also the legal representative of the JV Company, to be appointed or removed by the JV Board. The general manager shall be accountable to the JV Board.

Matters requiring unanimous approval of the JV Board:

The following matters of the JV Company shall be subject to unanimous approval by the members of the JV Board present at a general meeting:

- (i) amendment to the JV Articles;
- (ii) merger, division, termination and dissolution of the JV Company;
- (iii) increase or reduction of the registered capital of the JV Company;
- (iv) external guarantee provided by the JV Company; and
- (v) matters relating to the investment and financing of the JV Company.

Restrictions on share transfers:

A JV Shareholder may not transfer all or part of its shares in the JV Company to a party which is not a JV Shareholder without the prior written consent of the other JV Shareholder(s).

In the event that a JV Shareholder proposes to transfer its shareholding in the JV Company, any JV Shareholder who does not approve the transfer shall acquire the shares to be transferred, otherwise the disapproving JV Shareholder shall be deemed to have approved the transfer. The JV Shareholders approving the transfer shall have a right of first refusal. If there are two or more JV Shareholders exercising the right of first refusal, unless they agree otherwise, they shall exercise the right of first refusal and acquire the transferred shares according to their proportion of contribution to the registered capital.

INFORMATION OF THE GROUP

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

INFORMATION OF THE JV PARTNER

The JV Partner, a company established in the PRC with limited liability, is the largest state-owned capital investment operation company in Yubei District, Chongqing, the PRC. The JV Partner's controlling shareholder is the government of Yubei District, Chongqing and it is principally engaged in investment business, financing services, equities management, real estate investment, fund operation, asset consolidation and industrial development etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The formation of the JV Company is an alliance between the Group and the JV Partner with the view to taking advantage of Chongqing's policy and geographical location to create a foothold for the development of the Group's equity investment management business. In order to be qualified to act as a private equity fund manager in the PRC, the JV Company has to perform the private securities fund manager registration procedures of the Asset Management Association of China (中國證券投資基金業協會) and apply for its membership. The Directors believe that formation of the JV Company is in line with the Group's long-term corporate strategy, and the opportunity to invest in the JV Company will enable the Group to expand its development, in investment business.

Upon formation of the JV Company, the Company indirectly owns 90% of the equity interest of the JV Company and the JV Company becomes a non-wholly owned subsidiary of the Company and the financial results of the JV Company will be consolidated into the financial statements of the Company.

The Board is of the view that the terms of the Shareholders' Agreement and JV Articles are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As applicable percentage ratios (as defined under the Listing Rules) in respect of the total capital commitment of AIF Internet Finance pursuant to the Shareholders' Agreement the JV Articles are more than 5% but are less than 25%, the formation of the JV Company constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AIF Internet Finance”	Asia Investments Internet Finance Company Limited (亞投互聯網金融有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of 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)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	directors of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) that is/are independent of and not connected with the Company and its connected persons
“JV Articles”	the articles of association of the JV Company entered into between AIF Internet Finance and the JV Partner dated 18 October 2017 to regulate their rights and obligations as shareholders of the JV Company
“JV Board”	the board of directors of the JV Company
“JV Company”	重慶富甲天下股權投資基金管理有限公司 (transliterated as Chongqing Fujia Tianxia Equity Investment Fund Management Company Limited*), a company established in the PRC with limited liability on 18 October 2017 which is held as to 90% by AIF Internet Finance and 10% by the JV Partner
“JV Partner”	重慶臨空開發投資集團有限公司 (transliterated as Chongqing Linkong Development Investment Group Limited*), a company established in the PRC with limited liability and, to the best of the Directors’ knowledge, information and belief having made reasonable enquiries, an Independent Third Party as of the date of this announcement
“JV Shareholder(s)”	the shareholder(s) of the JV Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	an agreement dated 27 October 2017 entered into between AIF Internet Finance and the JV Partner to regulate their respective obligations to the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“%” per cent.

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By order of the Board
Asia Investment Finance Group Limited
Mr. Wei Jiafu
Executive Director

Hong Kong, 27 October 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Cheung Kwan, Mr. Wei Jiafu, and Mr. Wong Kwong Sum; one non-executive Director, Ms. Wang Angel Yunxiao; and four independent non-executive Directors, namely Mr. Anthony Espina, Mr. Wong Tin Yau, Kelvin, Mr. Ho Chun Chung, Patrick and Mr. Ge Ming.