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OP FINANCIAL INVESTMENTS LIMITED

東英金融投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1140)

ISSUE AND ALLOTMENT OF NEW SHARES FOR SUBSCRIPTION UNDER GENERAL MANDATE

The Board is pleased to announce that on 7 March 2018 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 300,000,000 new Shares at the Subscription Price of HK\$3.33 per Subscription Share to the Subscribers. The Subscription is subject to various conditions set out below under the heading “Conditions precedent to the Subscription”.

The Subscription Shares represent approximately 11.37% of the existing issued share capital of the Company and approximately 10.21% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, subject to completion of the Subscription.

The Subscription Price is fixed at HK\$3.33 per Subscription Share, which represents:

(i) a discount of approximately 8.77% to the closing price of HK\$3.65 per Share as quoted on the Stock Exchange on 7 March 2018, being the date of the Subscription Agreements; and (ii) a discount of approximately 12.96% to the average closing price of HK\$3.826 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 6 March 2018, being the trading day immediately preceding the date of the Subscription Agreements.

* For identification purpose only

The gross proceeds from the Subscription are expected to be approximately HK\$999 million. After deducting related professional fees and all related expenses of approximately HK\$0.5 million to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$998.5 million. The net proceeds from the Subscription will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

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

Completion of the Subscription is subject to fulfillment of the condition precedent in the Subscription Agreements and the Subscription may or not may proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 7 March 2018 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers for the conditional subscription of new Subscription Shares on and subject to the terms and conditions of each of the Subscription Agreements. The principal terms of each Subscription Agreement are substantially the same. Set out below are the key terms of the Subscription Agreements.

Date

7 March 2018

Parties

Subscription Agreement I:

- (1) The Company (as issuer)
- (2) FTLife Insurance Company Limited (as Subscriber I)

Subscription Agreement II:

- (1) The Company (as issuer)
- (2) Greenwoods Asset Management Limited (as Subscriber II)

The Subscriber I has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 290,000,000 new Shares at the Subscription Price of HK\$3.33 per Subscription Share to the Subscriber I.

The Subscriber II has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 10,000,000 new Shares at the Subscription Price of HK\$3.33 per Subscription Share to the Subscriber II.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (within the meaning of the Listing Rules).

The Subscription Shares

The Subscription Shares represent approximately 11.37% of the existing issued share capital of the Company and approximately 10.21% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription.

The Subscription Shares have an aggregate nominal value of HK\$30,000,000 and the market value of the Subscription Shares is approximately HK\$1.095 billion based on the closing price of HK\$3.65 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements.

Conditions precedent to the Subscription

Completion of the Subscription under each of the Subscription Agreements is conditional upon fulfillment of the following conditions:

- (a) the approval for the listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the relevant Subscription Shares); and
- (b) all representations and warranties in the relevant Subscription Agreements remain true, accurate and not misleading in all material aspects upon the date of completion of the Subscription.

If the above conditions are not fulfilled on or prior to the Long Stop Date, the Subscription Agreements shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreements.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

Completion of the Subscription

Completion of the Subscription will take place on the fifth business day immediately after all the conditions of the Subscription are fulfilled or waived (or such other date as may be agreed between the Company and the relevant Subscriber in writing).

Completion of the Subscription is subject to fulfillment of the condition precedent in the Subscription Agreements and the Subscription may or not may proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Restrictions on disposals of Subscription Shares by the Subscribers

Each of the Subscribers is not subject to any restrictions on disposals of the Subscription Shares under the Subscription Agreements.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distributions made or proposed on or after the date of completion of the Subscription.

Subscription Price

The Subscription Price is fixed at HK\$3.33 per Subscription Share, respectively, which represents:

- (i) a discount of approximately 8.77% to the closing price of HK\$3.65 per Share as quoted on the Stock Exchange on 7 March 2018, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 12.96% to the average closing price of approximately HK\$3.826 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 6 March 2018, being the trading day immediately preceding the date of the Subscription Agreements.

Taking into account the expenses of the Subscription in the amount of approximately HK\$0.5 million, the net price to the Company of each Subscription Share is approximately HK\$3.328 per Subscription Share. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares and current market conditions.

GENERAL

Mandate for the issue of the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

At the AGM, the total number of Shares in issue was 1,897,396,000 Shares. Accordingly, the maximum number of new Shares which can be issued pursuant to the General Mandate is 379,479,200 Shares (representing 20% of the issued share capital of the Company as at the date of the AGM), which has not been utilized since the date of the AGM. The issue of the Subscription Shares pursuant to the General Mandate is not subject to the approval of the Shareholders. After completion of the Subscription, there are 79,479,200 Shares which may be allotted and issued pursuant to the General Mandate.

Application for listing

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

Information on the Group

The Group is principally engaged in investment in a diversified portfolio of global investments in listed and unlisted enterprises thereby to achieve earnings in the form of medium to long term capital appreciation.

REASONS FOR THE SUBSCRIPTION

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to maintain the cash flow position of the Group and to enhance the capital and shareholders' base of the Company for long-term development and further strengthen its financial position. The Directors (including the independent non-executive Directors) consider the terms of the Subscription Agreements to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately HK\$999 million. After deducting related professional fees and all related expenses of approximately HK\$0.5 million to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$998.5 million. The net proceeds from the Subscription will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.

The Company will disclose the use of proceeds from the Subscription in the annual report for the year ended 31 March 2018.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Group in the past twelve (12) months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as of the date of this announcement
13 January 2017 1 March 2017 30 March 2017	Issue of unlisted warrants to subscribe for an aggregate of 202,553,560 new shares under specific mandate	Assuming the full exercise of the subscription rights attaching to such warrants at the subscription price of HK\$2.20 (subject to adjustment), it is expected that the net proceeds (after deduction of all related expenses) would be approximately HK\$446 million	The net proceeds would be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.	As of the date of this announcement, none of the subscription rights attaching to such warrants has been exercised and therefore the Company has not received any proceeds yet.
16 November 2017 29 November 2017 15 December 2017 21 December 2017	Issue and allotment of 740,000,000 new shares for subscription under special mandate	Approximately HK\$1.553 billion	Approximately HK\$700 million for pursuing investment in undervalued companies listed on A-Share and H-Share markets; approximately HK\$600 million for pursuing investment in and merger and acquisition of targets in emerging industries, such as artificial intelligence, medical care for the elderly, environmental protection, public hygiene and new energy vehicles; approximately HK\$100 million for pursuing investment in internet platforms and/or tools which strategically sort out and re-invent the operation of traditional industries; approximately HK\$100 million for increasing the Company's investment in its existing private equity investment projects; and the remaining for the general working capital of the Company.	Used as intended

Save as disclosed above, the Company has not raised fund on any issue of equity securities in the past 12 months immediately before the date of this announcement.

CHANGES TO THE SHAREHOLDING AS A RESULT OF THE SUBSCRIPTION

As at the date of this announcement, the Company has 2,637,396,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

Name of Shareholder	At the date of this announcement		Immediately after completion of the Subscription	
	No. of Shares	%	No. of Shares	%
Connected persons or substantial Shareholders				
Oriental Patron Financial Group Limited (“OPFGL”) (Note 1)	359,800,000	13.64	359,800,000	12.25
Dr. Liu Zhiwei (Note 2)	314,306,000	11.92	314,306,000	10.70
Full House Investment Limited	350,000,000	13.27	350,000,000	11.92
Wah Hing Global Investment Limited	350,000,000	13.27	350,000,000	11.92
Sub-total:	1,374,106,000	52.10	1,374,106,000	46.78
Public				
Subscriber I	–	–	290,000,000	9.87
Subscriber II	–	–	10,000,000	0.34
Other public Shareholders	1,263,290,000	47.90	1,263,290,000	43.01
Sub-total:	1,263,290,000	47.90	1,563,290,000	53.22
Total	2,637,396,000	100.00	2,937,396,000	100.00

Notes:

- These 359,800,000 Shares represented an aggregate of 330,000,000 Shares held by Ottness Investments Limited (“OIL”) and 29,800,000 Shares held by Oriental Patron Financial Services Group Limited (“OPFSG”). OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSG is owned by OPFGL. The issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo is deemed to be interested in the Shares and underlying Shares of the Company held by OIL and OPFSG.
- Dr. Liu Zhiwei is a connected person of the Company by virtue of him being an executive Director.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 24 August 2017
“Board”	the board of Directors
“Company”	OP Financial Investments Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	a general and unconditional mandate of the Company granted to the Directors to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. (Hong Kong time) on 6 April 2018, or such other time and date as the respective parties to the Subscription Agreements may agree in writing
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber I”	FTLife Insurance Company Limited, a company incorporated in Bermuda with limited liability and the subscriber of 290,000,000 Subscription Shares under the Subscription Agreement I
“Subscriber II”	Greenwoods Asset Management Limited, a company incorporated in Cayman Islands with limited liability and the subscriber of 10,000,000 Subscription Shares under the Subscription Agreement II
“Subscribers”	collectively, Subscriber I and Subscriber II
“Subscription”	subscription of Subscription Shares by the Subscribers at the Subscription Price pursuant to the Subscription Agreements
“Subscription Agreement I”	the subscription agreement dated 7 March 2018 entered into between the Company and the Subscriber I in respect of the Subscription
“Subscription Agreement II”	the subscription agreement dated 7 March 2018 entered into between the Company and the Subscriber II in respect of the Subscription
“Subscription Agreements”	collectively, the Subscription Agreement I and the Subscription Agreement II
“Subscription Price”	the subscription price of HK\$3.33 per Subscription Share
“Subscription Shares”	a total of 300,000,000 new Shares to be allotted and issued by the Company to the Subscribers under the Subscription Agreements
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board of
OP Financial Investments Limited
Zhang Gaobao
Executive Director and Chief Executive Officer

Hong Kong, 7 March 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo, Dr. Liu Zhiwei and Mr. Zhang Weidong; one non-executive Director, namely, Dr. Wu Zhong and three independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Professor He Jia and Mr. Wang Xiaojun.