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## **CHINA INVESTMENT AND FINANCE GROUP LIMITED**

**中國投融資集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1226)**

### **LITIGATION ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

#### **DETAILS OF THE AGREEMENT AND THE SUPPLEMENTAL AGREEMENTS**

World Fame Investment Limited (“**World Fame**”) is a wholly-owned subsidiary of China Investment and Finance Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). On 12 December 2011, World Fame entered into a subscription agreement (the “**Agreement**”) with Double Sky Holdings Limited (“**Double Sky**”) and Mr. Ying (the “**Guarantor**”) who is beneficially interested in the entire issued share capital of Double Sky. Pursuant to the Agreement, World Fame as investor agreed to subscribe for the convertible bond (the “**Convertible Bond**”) issued by Double Sky in the principal amount of HK\$80,000,000 (the “**Principal Amount**”), which entitles World Fame (or the holder(s) thereof) to convert the Principal Amount into shares of Double Sky to be issued upon exercise of the conversion rights attached to the Convertible Bond at any time within five years after issue of the Convertible Bond by Double Sky. Double Sky undertook to use the Principal Amount for the purposes of establishing sales offices, establishing and expanding its sales and distribution network.

The Convertible Bond carries a fixed interest rate of 0.5% per annum of the Principal Amount payable to World Fame (or the holder(s) thereof) every six months. If Double Sky has realised profit for a particular financial year (as shown in its audited accounts for the relevant financial year), World Fame is also entitled to 10% of profit before tax for that financial year which is payable every six months (the “**Interests**”) by Double Sky. Double Sky and the Guarantor also guaranteed the performance of their obligations under the Agreement, including but not limited to any losses and damage suffered and

all payments, costs or expenses made or incurred by World Fame. The Principal Amount was fully settled and Double Sky issued certificates of the Convertible Bond to World Fame on 19 December 2011.

Pursuant to a supplemental agreement (the “**First Supplemental Agreement**”) dated 8 June 2012 entered into among the same parties to the Agreement, it was agreed that Double Sky would utilise HK\$56,000,000 out of the Principal Amount to acquire certain trademarks in relation to 愷撒威登 (Kaisa Weideng) (the “**Trademarks**”) from the Guarantor for use in Double Sky’s business.

Pursuant to another supplemental agreement (the “**Second Supplemental Agreement**”, together with the First Supplemental Agreement, the “**Supplemental Agreements**”) dated 27 September 2013 entered into among World Fame, Double Sky, the Guarantor, 廣東愷撒威登食品科技有限公司 (Guangdong Kaisa Weideng Food Technology Company Limited) (“**Guangdong Kaisa Weideng**”), a wholly-owned subsidiary of Double Sky at PRC, and 中山市樂邦巧克力食品有限公司 (Zhongshan Shi Lebang Chocolate Products Company Limited) (“**Zhongshan Lebang**”), a PRC company wholly-owned by the Guarantor), Guangdong Kaisa Weideng, Zhongshan Lebang and the Guarantor agreed to join Double Sky as debtors of the Principal Amount under the Agreement (collectively the “**Joint Debtors**” or “**Defendants**”) and to procure the transfer of the Trademarks within 90 days of the date of the Second Supplemental Agreement, failing which the Joint Debtors should repay the Principal Amount to World Fame within 120 days of the Second Supplemental Agreement.

## **LEGAL ACTIONS**

Despite repeated written and verbal demands of World Fame, the Joint Debtors are in default of the Agreement (as supplemented by the Supplemental Agreements):

1. failure to procure the transfer of the Trademarks;
2. failure to repay the Principal Amount of HK\$80,000,000; and
3. failure to pay the outstanding Interests of HK\$891,163 (calculated up to 31 March 2014).

In view of this, on 31 March 2014, World Fame as the plaintiff filed legal proceedings against the Joint Debtors as the defendants to 佛山市中級人民法院 (Foshan Municipal Intermediate People’s Court) (the “**Court**”) for breach of the Agreement (as supplemented by the Supplemental Agreements). World Fame demanded immediate repayment of the total default sum of HK\$80,891,163 plus interest accrued from 31 March 2014 to the date of fully settlement of such amount. On 28 April 2014, upon application of World Fame, the Court took relevant preservation measures to seal up available/known assets of the Defendants.

The board of directors of the Company consider that the aforesaid litigations have no material impact on the existing daily operations of the Group. Since the litigations have just commenced, the Board cannot estimate the future impact of the events on the profit and loss of the Company at this stage. The Company will continue to monitor the development of the events and will timely announce relevant updates accordingly.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares or other securities of the Company.**

By order of the Board  
**China Investment and Finance Group Limited**  
*Executive Director*  
**Chan Cheong Yee**

Hong Kong, 28 April 2014

*As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as the executive Directors, Mr. LIAO Jintian, Mr. ZHOU Weiquan and ZHOU Han Jie as the non-executive Directors, and Mr. HA Takkong, Mr. LEUNG Kwong Kin and Mr. TSANG Hin Man Terence as the independent non-executive Directors.*