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## **CHINA INNOVATIVE FINANCE GROUP LIMITED**

**中國新金融集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 412)**

### **FURTHER AMENDMENTS TO US\$40,000,000 SECURED CONVERTIBLE BONDS**

Reference is made to the announcements of the Company dated 27 July 2016, 16 August 2016 and 17 October 2016 (the “**Announcements**”) regarding the issue of the Convertible Bonds and the Supplemental Deed. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the terms of the Convertible Bonds (before amended by the Second Supplemental Deed as mentioned below):

- (a) the Convertible Bonds are transferrable, save and except to the connected persons of the Company;
- (b) the Convertible Bonds are denominated in US\$5,000,000 each; and
- (c) the Company shall provide the Share Charge as security.

#### **SECOND SUPPLEMENTAL DEED**

On 7 December 2016 (after trading hours), the Company entered into the second supplemental deed to the Convertible Bonds (the “**Second Supplemental Deed**”) and the Supplemental deed to the Subscription Agreement (the “**Subscription Agreement Supplemental Deed**”) with the Subscriber, pursuant to which the Company and the Subscriber agreed to further amend the terms of the Convertible Bonds to the effect that:

- (a) the restrictions on the transfer to connected persons of the Company are removed;
- (b) the denomination of the Convertible Bonds is changed from US\$5,000,000 each to US\$2,000,000 each; and
- (c) the requirement on Share Charge is removed.

Save for the aforesaid, all other terms of the Convertible Bonds shall remain unchanged.

## CONDITIONS PRECEDENT

The further amendments to the terms of Convertible Bonds as contemplated under the Second Supplemental Deed shall be conditional upon:

- (a) the Company having duly obtained the Stock Exchange's written approval for the amendments to the Bond Instrument pursuant to the Listing Rules and such approval not having been subsequently revoked, cancelled or suspended;
- (b) the Listing Committee of the Stock Exchange having granted approval of the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange and such approval not having been subsequently revoked, cancelled or suspended;
- (c) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholders in respect of the amendments to the Bond Instrument having duly been obtained and not revoked, cancelled or otherwise suspended; and
- (d) the Company has complied with and performed all other necessary procedures in respect of the amendments to the Bond Instrument in accordance with all applicable laws and the Listing Rules.

The amendments to the Bond Instrument have been approved by the Stock Exchange on 24 November 2016 subject to the condition that such approval is disclosed by way of announcement.

## IMPLICATIONS UNDER THE LISTING RULES

The Company considers that the amendments to the terms of the Convertible Bonds constitute material change to the terms of the Convertible Bonds. According to the Guidance Letter of the Stock Exchange (HKEx-GL80-15), such change shall be treated as if it were a new issue of convertible securities. The Company must obtain shareholder approval for the proposed new issue, unless it has a sufficient unutilized portion of, and is permitted to use, its general mandate at the time of the proposed new issue to cover the number of conversion shares based on full conversion of the proposed convertible securities.

Based on the Conversion Price of HK\$0.72, a maximum number of 325,000,000 Conversion Shares may fall to be allotted and issued upon exercise by the Bondholders of the Conversion Rights attaching to the outstanding principal of the Convertible Bonds (i.e. US\$30,000,000) in full and such Conversion Shares shall be allotted and issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 19 September 2016 to allot, issue and deal with up to 3,837,729,687 new Shares (being 20% of the total number of the issued share capital of the Company as at the date of the said annual general meeting) (the "**General Mandates**"). Up to the date of this announcement, none of the General Mandates has been utilized. The unutilized General Mandates are sufficient to cover the number of Conversion Shares.

## APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## **REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL DEED AND VIEWS OF THE DIRECTORS**

The entering into of the Second Supplemental Deed and the Subscription Agreement Supplemental Deed will give more flexibility to the Bondholder(s) and makes it easier for the Bondholder(s) to identify potential transferees of the Convertible Bonds.

The Directors (including the independent non-executive Directors) consider that the terms of the Second Supplemental Deed and the Subscription Agreement Supplemental Deed, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

By order of the Board  
**China Innovative Finance Group Limited**  
**Li Hang**  
*Chairman*

Hong Kong, 7 December 2016

*As at the date of this announcement, the Company has three executive directors, being Mr. Wang Zhenjiang, Mr. Yau Wai Lung and Mr. Ma Chao; two non-executive directors, being Mr. Li Hang and Mr. Qiu Jianyang; and three independent non-executive directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.*