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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)

CONNECTED TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 16 January 2017, the Loan Agreement was entered into between CIF Finance, an indirect wholly-owned subsidiary of the Company as lender, and the Borrower as borrower, pursuant to which, CIF Finance has agreed to provide the Loan in the principal amount of HK\$7,700,000 to the Borrower for a term of one year after the Date of Advance.

To the best of the Directors' knowledge, information and belief, the Borrower is owned by Shandong Hi-Speed as to 49%. As at the date of this announcement, Shandong Hi-Speed held 5,459,648,350 Shares, representing approximately 28.45% of the entire issued share capital of the Company. The Borrower is therefore an associate of the substantial shareholder of the Company and hence a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the financial assistance given to the Borrower represents more than 0.1% but less than 5% of the applicable percentage ratios, the entering into of the Loan Agreement and the transactions contemplated thereunder are subject to announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

On 16 January 2017, CIF Finance entered into the Loan Agreement with the Borrower, pursuant to which CIF Finance has agreed to provide the Loan in the principal amount of HK\$7,700,000 to the Borrower for a term of one year after the Date of Advance.

Loan Agreement

Summarised below are the principal terms of the Loan Agreement

Date: 16 January 2017

Parties

Lender:	CIF Finance, an indirect wholly-owned subsidiary of the Company
Borrower:	The Borrower
Principal:	HK\$7,700,000
Interest rate:	7.5% per annum
Interest payment date:	The Borrower shall pay the interest accrued on a monthly basis on the expiry of each one-month period after the Date of Advance.
Handling fee:	Nil
Term:	One-year period commencing from the Date of Advance
Security:	No security is provided by the Borrower.
Repayment:	The Borrower shall repay the Loan in full in one lump sum together with outstanding interest accrued thereon on the Maturity Date.
Voluntary prepayment:	The Borrower may repay all the Loan in full by one month's notice.

To the best of the Directors' knowledge, information and belief, the Borrower is owned by Shandong Hi-Speed as to 49%. As at the date of this announcement, Shandong Hi-Speed held 5,459,648,350 Shares, representing approximately 28.45% of the entire issued share capital of the Company. The Borrower is therefore an associate of the substantial shareholder of the Company and hence a connected person of the Company.

Funding of the Loan

The Group will finance the loan by the internal resources of the Group.

REASONS FOR, AND BENEFITS OF, THE LOAN AGREEMENT

The terms of the Loan Agreement were negotiated on an arm's length basis between CIF Finance and the Borrower with reference to the prevailing market rate. The Directors (including independent non-executive Directors) are of the view that the terms of the Loan Agreement was entered into on a normal commercial terms.

Taking into account the satisfactory financial background of the Borrower, and that a revenue and cash flow from the interest income is expected, the Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement and the entering into of the Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. No Director of the Company has a material interest in the Loan Agreement, and accordingly no Director has abstained from voting on the board resolutions approving the Loan Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

The advance of the Loan constitutes financial assistance provided by the Company within the meaning of the Listing Rules. Since the Borrower is a connected person of the Company, the Loan Agreement constitutes connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the financial assistance given to the Borrower represents more than 0.1% but less than 5% of the applicable percentage ratios, the entering into of the Loan Agreement and the transactions contemplated thereunder are subject to announcement and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of connected transactions of the Company will be disclosed in the Company's published annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

INFORMATION OF THE BORROWER

The Borrower is a company incorporated in the Cayman Islands and is principally engaged in the provision of fund management and external investment.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of financial services, including (i) financial leasing; (ii) investment in listed and unlisted securities; (iii) money lending business; and (iv) operation of an asset trading platform.

DEFINITIONS

“Board”	the board of Directors
“Borrower”	Shandong Hi-Speed Investment Fund Management Limited, a company incorporated in the Cayman Islands and the borrower under the Loan Agreement, which is ultimately beneficially owned by Shandong Hi-Speed, 秦中月 (Qin Zhong Yue) and 李冉 (Li Ran) as to 49%, 41% and 10% respectively
“CIF Finance”	C.I.F. Financial Limited (中新金財務有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Company”	China Innovative Finance Group Limited 中國新金融集團有限公司, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Date of Advance”	16 January 2017
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of HK\$7,700,000 advanced by CIF Finance to the Borrower
“Loan Agreement”	the loan agreement dated 16 January 2017 entered into between CIF Finance and the Borrower in respect of the Loan
“Maturity Date”	the date falling on the expiry of one-year period after the Date of Advance
“Shandong Hi-Speed”	山東高速集團有限公司 (Shandong Hi-Speed Group Co. Ltd.), a company established in the People’s Republic of China, a state-owned enterprise and a substantial shareholder of the Company
“Shares”	ordinary shares of HK\$0.00025 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 January 2017

As at the date of this announcement, the Company has four executive directors, being Ms. Cheng Yan, 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.