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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)**

### **COMPLETION OF ISSUE OF US\$40,000,000 SECURED CONVERTIBLE BONDS AND COMPLETION OF EARLY REDEMPTION OF THE PREVIOUS CONVERTIBLE BONDS**

The Board is pleased to announce that all conditions precedent under the Subscription Agreement have been fulfilled. Completion of the Subscription Agreement has taken place and the Convertible Bonds in the aggregate principal amount of US\$40,000,000 were issued to the Subscriber on 16 August 2016. Upon issue of the Convertible Bonds, the Previous Convertible Bonds have been redeemed in full.

Reference is made to the announcement (the “**Announcement**”) issued by China Innovative Finance Group Limited (the “**Company**”) dated 27 July 2016 in relation to the proposed issue of US\$40,000,000 interest 8%. secured convertible bonds due 2018. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Reference is also made to the announcement of the Company dated 30 June 2016 in relation to the early redemption of the Previous Convertible Bonds.

## **COMPLETION OF ISSUE OF THE CONVERTIBLE BONDS AND COMPLETION OF EARLY REDEMPTION OF THE PREVIOUS CONVERTIBLE BONDS**

The Board is pleased to announce that all conditions precedent under the Subscription Agreement have been fulfilled. Completion of the Subscription Agreement has taken place and the Convertible Bonds in the aggregate principal amount of US\$40,000,000 were issued to the Subscriber on 16 August 2016.

The approval for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bonds has been granted by the Listing Committee of the Stock Exchange.

The estimated net proceeds from the issue of the Convertible Bonds, after deducting related expenses, are estimated to be approximately HK\$310,000,000, which are intended to be used for the redemption of the Previous Convertible Bonds issued by the Company to the Subscriber on 31 December 2015. Details of which have been disclosed in the announcement of the Company dated 24 December 2015 and 31 December 2015.

Based on the initial Conversion Price of HK\$0.72 per Conversion Share and upon full conversion of the Convertible Bonds, a maximum number of 433,333,333 Conversion Shares will be allotted and issued by the Company, representing (i) approximately 2.24% of the existing entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Upon issue of the Convertible Bonds, the Previous Convertible Bonds have been redeemed in full. Any shortfall between the Convertible Bonds and the redemption price of the Previous Convertible Bonds equivalent to an aggregate of US\$40,000,000 together with all outstanding and unpaid interest accrued thereon was settled by the internal resources of the Group.

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not connected persons of the Company.

## EFFECT ON SHAREHOLDING OF THE COMPANY

As at the date of this announcement, the Company has 19,310,448,342 Shares in issue. For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there is no other change in the existing shareholding of the Company); and (iii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price, full conversion of the convertible bonds issued by the Company on 24 December 2015 at the initial conversion price of HK\$0.72, full conversion of the convertible bonds issued by the Company on 28 October 2015 at the initial conversion price of HK\$0.68 (collectively, the “**Three Series of Convertible Bonds**”) and the exercise of share options of the Company (assuming that there is no other change in the existing shareholding of the Company) are as follows:

Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there is no other change in the existing shareholding of the Company)		Immediately after full conversion of the Three Series of Convertible Bonds at their respective initial conversion price and exercise of share options of the Company (assuming that there is no other change in the existing shareholding of the Company)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Li Shao Yu (Note 1)	5,285,630,000	27.37	5,285,630,000	26.77	5,285,630,000	25.27
Yau Wai Lung (Note 2)	3,721,708,000	19.27	3,721,708,000	18.85	3,891,108,000	18.60
Ji Kewei (Note 3)	2,290,565,191	11.86	2,290,565,191	11.60	2,290,565,191	10.95
CST Mining Group Limited (Note 4)	1,662,330,000	8.61	1,662,330,000	8.42	1,662,330,000	7.95
Huang Rulun (Note 5)	1,320,000,000	6.84	1,320,000,000	6.69	1,320,000,000	6.31
Other public Shareholders	5,030,215,151	26.05	5,030,215,151	25.48	5,030,215,151	24.04
Holder of the convertible bonds issued on 28 October 2015	—	—	—	—	573,529,411	2.74
Holder of the convertible bonds issued on 24 December 2015	—	—	—	—	433,333,333	2.07
The Subscriber	—	—	433,333,333	2.19	433,333,333	2.07
<b>Total</b>	<b>19,310,448,342</b>	<b>100.00</b>	<b>19,743,781,675</b>	<b>100.00</b>	<b>20,920,044,419</b>	<b>100.00</b>

### Notes:

- Ms. Li Shao Yu is deemed to be interested in the 5,241,500,000 Shares held by Hao Tian Management (Hong Kong) Limited pursuant to the Securities and Futures Ordinance (the “SFO”) by virtue of Hao Tian Management (Hong Kong) Limited being a subsidiary of Win Team Investments Limited, which is a subsidiary of Hao Tian Development Group Limited, which in turn is a subsidiary of Asia Link Capital Investment Holdings Limited, in which Ms. Li Shao Yu holds 100% beneficial interest. In addition, Ms. Li Shao Yu is deemed to be interested in the 44,130,000 Shares held by Asia Link Capital Investment Holdings Limited pursuant to the SFO by virtue of her 100% beneficial interest in Asia Link Capital Investment Holdings Limited.
- Mr. Yau Wai Lung, the Director, is deemed to be interested in the 3,721,708,000 Shares held by Leading Fortune International Group Limited pursuant to the SFO by virtue of his 100% beneficial interest in Leading Fortune International Group Limited. 169,400,000 share options were granted to Mr. Yau Wai Lung by the Company under the share option scheme adopted on 18 August 2014.

3. Mr. Ji Kewei, the Director, is deemed to be interested in the 2,284,947,214 Shares held by China Hover Dragon Group Limited pursuant to the SFO by virtue of Chinanet Consultancy Limited (wholly-owned by Mr. Ji Kewei) holding 50% issued shares of China Hover Dragon Group Limited. Mr. Ji Kewei is personally interested in 5,617,977 Shares as part of annual emolument for his terms of office as executive director, deputy chairman and chief executive of the Company commencing from 11 September 2015.
4. CST Mining Group Limited is deemed to be interested in the 1,662,330,000 Shares held by Skytop Technology Limited pursuant to the SFO by virtue of Skytop Technology Limited being a subsidiary of Perfect Touch Technology Inc., which in turn is a subsidiary of CST Mining Group Limited.
5. Mr. Huang Rulun is deemed to be interested in the 1,320,000,000 Shares held by Century Golden Resources Investment Co. Ltd. pursuant to the SFO by virtue of his controlling interest in Century Golden Resources Investment Co. Ltd.

The Company will ensure that it will comply with the requirements on public float under the Listing Rules from time to time.

### **REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS**

As mentioned in the Announcement, the Board is of the view that the redemption of the Previous Convertible Bonds has enabled the Company to enter into the Subscription Agreement on more favourable terms to the Group as compared with the Previous Convertible Bonds in term of, *inter alia*, the effective interest rate. The Previous Convertible Bonds requires the Company to pay interest of 7% per annum payable in arrears every six months and an up-front handling fee of 1% per annum whilst only interest of 8% per annum payable in arrears every six months is required to be paid by the Company for the Convertible Bonds. If the up-front handling fee is taken into account, the effective interest rate of the Convertible Bonds is lower than the effective interest rate of the Previous Convertible Bonds.

By order of the Board  
**China Innovative Finance Group Limited**  
**Ji Kewei**  
*Deputy Chairman*

Hong Kong, 16 August 2016

*As at the date of this announcement, the Company has three executive directors, namely Mr. Ji Kewei, Mr. Yau Wai Lung and Mr. Ma Chao; one non-executive director, namely Mr. Qiu Jianyang; and three independent non-executive directors, namely Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.*