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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)**

### **DISCLOSEABLE TRANSACTIONS**

On 15 September 2015, the Group entered into the First Agreement, pursuant to which Mass Nation, an indirect wholly-owned subsidiary of the Company, agreed to transfer 56,800,000 HEC Shares to Joint Global. As consideration for the transfer of the HEC Shares, Joint Global agreed to allot and issue 56,800,000 Joint Global Shares to Mass Nation.

On 1 April 2016, the Group entered into the Second Agreement, pursuant to which New Peak offered to transfer 56,800,000 Joint Global Shares from Mass Nation. As consideration for the transfer of Joint Global Shares, New Peak agreed to transfer 48,000,000 HEC Shares to Mass Nation.

The disposal and acquisition contemplated under the First Agreement and the Second Agreement constituted discloseable transactions under the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules.

### **FIRST AGREEMENT**

On 15 September 2015, Mass Nation entered into the First Agreement in relation to the transfer of the 56,800,000 HEC Shares from Mass Nation to Joint Global and allotment and issue of 56,800,000 Joint Global Shares to Mass Nation.

#### **Date**

15 September 2015

#### **Parties**

(a) Mass Nation

(b) Some of the other former shareholders of HEC Capital

(c) Joint Global

To the best of the Directors' knowledge, information, belief and having made all reasonable enquiries, Joint Global and other former shareholders of HEC Capital were third parties independent of the Company and were not connected persons of the Company.

#### **Transaction involved**

Pursuant to the First Agreement, Mass Nation agreed to transfer 56,800,000 HEC Shares (representing approximately 5.44% of the entire issued share capital of HEC Capital at the material time) to Joint Global.

#### **Consideration**

The consideration for the transfer of the 56,800,000 HEC Shares with carrying amount of HK\$340,800,000 was satisfied on a 1 : 1 basis by way of allotment and issue of 56,800,000 Joint Global Shares to Mass Nation.

No cash proceed was received by the Group under the First Agreement.

The disposal of the Joint Global Shares is subject to the right of first refusal of the other shareholders of Joint Global.

#### **Completion**

Completion of the transfer of the 56,800,000 HEC Shares and the allotment and issue of 56,800,000 Joint Global Shares took place on 2 October 2015.

Immediately upon completion of the First Agreement, Mass Nation ceased to hold any HEC Shares and held 20.2% shareholding interest in Joint Global.

The Group did not record any gain or loss upon completion of the First Agreement.

#### **Information about HEC Capital**

HEC Capital is an investment holding company. Its subsidiaries are principally engaged in the business of investment holdings, property investment, investment advisory and financial services, investment in securities trading and money lending. The financial information of HEC Capital for the years ended 31 March 2015 and 2014 is set out below:

	<b>For the years ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Net profit before tax	406,418	393,730
Net profit after tax	402,984	394,145
Net assets	7,430,355	6,273,816

## **Information about Joint Global**

Joint Global was an investment vehicle incorporated on 14 September 2015 for the purpose of acquiring and holding the HEC Shares previously owned by some of the then existing shareholders of HEC Capital. It was a newly-incorporated company without any assets nor liabilities at the material time when the First Agreement was entered into. As Joint Global was newly incorporated, no financial statements of Joint Global was available at the date of the First Agreement.

## **Reasons for entering into the First Agreement**

At the material time of entering into the First Agreement, the Group took the view that the integration of the minority interests of HEC Capital upon completion of the First Agreement would enable Joint Global to become an influential shareholder of HEC Capital which might facilitate the Group to be in a better position to have an influence over the corporate actions of HEC Capital through Joint Global.

## **Views of the Directors**

The executive Directors considered that the entering into of the First Agreement were in the interests of the Company at the material time.

## **Implication under the Listing Rules**

The Directors considered that the transactions contemplated under the First Agreement were only an internal corporate restructuring which involved the insertion of a shelf company between Mass Nation and HEC Capital and, in substance, the Group did not dispose of any assets nor acquire any new assets in the transactions under the First Agreement. Nevertheless, after discussing with the Stock Exchange, the Company has accepted the view of the Stock Exchange that the transactions contemplated under the First Agreement involved a disposal and an acquisition under Chapter 14 of the Listing Rules.

As the percentage ratios (as defined under the Listing Rules) in respect of the disposal and acquisition under the First Agreement were more than 5% but less than 25%, the disposal and the acquisition constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules and therefore are subject to the reporting and announcement requirements under the Listing Rules.

## **SECOND AGREEMENT**

On 1 April 2016, Mass Nation entered into the Second Agreement in relation to the offer of transfer of Joint Global Shares and HEC Shares.

### **Date**

1 April 2016

### **Parties**

- (a) Mass Nation
- (b) New Peak

To the best of the Directors' knowledge, information, belief and having made all reasonable enquiries, New Peak was a third party independent of the Company and was not a connected person of the Company.

### **Transaction involved**

Pursuant to the Second Agreement, New Peak offered to accept the transfer of 56,800,000 Joint Global Shares from Mass Nation.

### **Consideration**

The consideration for the transfer of 56,800,000 Joint Global Shares was satisfied by way of transfer of 48,000,000 HEC Shares with carrying amount of HK\$340,800,000 to Mass Nation, with reference to the latest available net assets value of HEC Capital.

No cash proceed was received by the Group under the Second Agreement.

### **Completion**

Completion of the transfer of Joint Global Shares took place on 30 June 2016.

Upon completion of the transfer of 56,800,000 Joint Global Shares (representing approximately 19.61% of the entire issued share capital of Joint Global at the material time), Mass Nation ceased to hold any shares in Joint Global and held 4.35% shareholding interest in HEC Capital.

Based on the assessment of the management, the Group did not record any gain or loss upon completion of the Second Agreement, which is subject to further review by the Company's auditors.

### **Information about HEC Capital**

HEC Capital is an investment holding company. Its subsidiaries are principally engaged in the business of investment holding, property investment, investment advisory and financial services, investment in securities trading and money lending. The financial information of HEC Capital for the years ended 31 March 2016 and 2015 is set out below:

	<b>For the years ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Net (loss)/profit before tax	(61,277)	406,418
Net (loss)/profit after tax	(70,031)	402,984
Net assets	8,454,120	7,430,355

## Information about Joint Global

Joint Global was principally engaged in the business of investment holding when the Second Agreement was entered into by the Group. The financial information of Joint Global for the financial period from 2 October 2015 to 31 March 2016 is set out below:

	<b>For the period ended 31 March 2016</b> <i>HK\$'000</i> (Unaudited)
Net profit before tax	49,161
Net profit after tax	49,161
Net assets	2,159,065

## Reasons for entering into the Second Agreement

At the material time of entering into the Second Agreement, the Group took the view that the transaction under the Second Agreement enabled the Group to directly hold the original investment in HEC Capital again without being affected by the other operation of Joint Global and the practical inefficiency encountered in communication and cooperation with other shareholders of Joint Global.

## Views of the Directors

The executive Directors considered that the entering into of the Second Agreement were in the interests of the Company at the material time.

## Implication under the Listing Rules

Initially, the Directors considered that the transaction was only an internal corporate restructuring of the Group. Nevertheless, after discussing with the Stock Exchange on the First Agreement, the Company has accepted the view of the Stock Exchange that the transactions involved a disposal and an acquisition under Chapter 14 of the Listing Rules.

As the percentage ratios (as defined under the Listing Rules) in respect of the disposal and acquisition as contemplated under the Second Agreement were more than 5% but less than 25%, the disposal and the acquisition constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and therefore are subject to the reporting and announcement requirements under the Listing Rules.

## INFORMATION ABOUT THE GROUP

The Company is an investment holding company. The principal activity of the Group is to provide 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
“Company”	China Innovative Finance Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“First Agreement”	the agreement dated 15 September 2015 entered into between Mass Nation, Joint Global and some of the other shareholders of HEC Capital at the material time in relation to the transfer of HEC Shares to Joint Global and the allotment and issue of Joint Global Shares
“Group”	the Company and its subsidiaries
“HEC Capital”	HEC Capital Limited (中南融資有限公司), a company incorporated in the Cayman Islands with limited liability
“HEC Shares”	the ordinary shares in HEC Capital
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Global”	Joint Global Limited, a company incorporated in the Republic of the Marshall Islands with limited liability
“Joint Global Shares”	the ordinary shares in Joint Global
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mass Nation”	Mass Nation Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“New Peak”	New Peak Limited, a company incorporated in the British Virgin Islands with limited liability
“Second Agreement”	the agreement dated 1 April 2016 entered into between Mass Nation and New Peak at the material time in relation to the offer of transfer of 56,800,000 Joint Global Shares and the transfer of 48,000,000 HEC Shares
“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**  
**Yau Wai Lung**  
*Executive Director*

Hong Kong, 26 October 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.*