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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 TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that the Loan Agreement was entered into between CIF Finance, an indirect wholly-owned subsidiary of the Company as lender, the Borrower as borrower on 19 September 2017, pursuant to which, subject to the execution of certain security documents (the same of which were executed on 27 September 2017), CIF Finance has agreed to provide the Loan in the principal amount of HK\$235,000,000 to the Borrower for a term of 24 months after the Drawdown Date.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrower is more than 5% but less than 25%, the Loan advanced under the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% of the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

CIF Finance entered into the Loan Agreement with the Borrower on 19 September 2017, pursuant to which, subject to the execution of certain security documents (the same of which were executed on 27 September 2017), CIF Finance has agreed to provide the Loan in the principal amount of HK\$235,000,000 to the Borrower for a term of 24 months after the Drawdown Date.

Loan Agreement

Summarised below are the principal terms of the Loan Agreement.

Lender : CIF Finance

Borrower : The Borrower

- Guarantor : The Guarantor
- Principal : HK\$235,000,000
- The Loan will be available for drawdown upon the satisfaction of certain conditions as set out in the Loan Agreement. Pursuant to the Loan Agreement, the Borrower may within 30 days from the date of the Loan Agreement make a single drawing for the full amount of the Loan
- Effective interest rate : 12.5% per annum
- Term : 24-month period commencing from the Drawdown Date
- Security : (i) corporate guarantee from the Guarantor;
- (ii) share charge over the shares of and in the Borrower executed by the Guarantor (the sole shareholder of the Borrower) in favour of CIF Finance;
- (iii) share charge over the shares of and in a subsidiary of the Borrower to be executed by the Borrower in favour of CIF Finance; and
- (iv) bank accounts monitoring agreement executed by the Borrower in respect of, inter alia, the bank accounts of the Borrower.
- Repayment : The Borrower shall repay the Loan in full in one lump sum together with outstanding and unpaid interest accrued thereon on the Maturity Date
- Voluntary Prepayment : The Borrower may repay up to 25% of the entire Loan upon expiry of the first 6-month period after the Drawdown Date, and an additional 25% after expiry of each of the subsequent 6-month period thereafter (but if in part, being an amount in the multiple of HK\$1,000,000) together with interest accrued thereon any time prior to the Maturity Date by notice of not less than 3 Business Days.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Borrower, the Guarantor and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

Funding of the Loan

The Group will finance the loan by additional bank borrowing of the Group.

Information of the Group and the Borrower

The Company is an investment holding company incorporated in Bermuda with limited liability and its subsidiaries are 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. CIF Finance, an indirect wholly-owned subsidiary of the Company, is a money lender licensed in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Borrower is principally engaged in investment holding.

Reasons for, and benefits of, the provision of the Loan

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 interest 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.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrower is more than 5% but less than 25%, the Loan to be advanced under the Loan Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the amount of the financial assistance granted to the Borrower does not exceed 8% of the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of the Loan is not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Board”	the board of Directors;
“Borrower”	a company incorporated in Hong Kong, the borrower under the Loan Agreement;
“Business Day”	a day (other than a Saturday) on which commercial banks in Hong Kong and Mainland China are open for general banking transactions;

“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 shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Drawdown Date”	the date on which the Loan is drawdown;
“Group”	the Company and its subsidiaries;
“Guarantor”	the corporate sole shareholder of the Borrower, the guarantor which agrees to guarantee the liabilities of the Borrower under the Loan Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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\$235,000,000 to be advanced by CIF Finance to the Borrower;
“Loan Agreement”	the loan agreement dated 19 September 2017 entered into between CIF Finance and the Borrower in respect of the Loan;
“Maturity Date”	the date falling on the expiry of 24-month period after the Drawdown Date;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 27 September 2017

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