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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 SUBSCRIPTION OF PARTICIPATING SHARES IN A COMPANY

The Board is pleased to announce that, on 10 October 2017 (after trading hours), the Subscriber entered into the Subscription Documents with the Issuer and CSAM, pursuant to which the Subscriber agreed to subscribe for the Participating Shares issued by the Issuer at the consideration of HK\$200 million..

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Subscription 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.

THE SUBSCRIPTION

The Board is pleased to announce that, on 10 October 2017 (after trading hours), the Subscriber entered into the Subscription Documents with the Issuer and CSAM. The principal terms of the Subscription Documents are as follows:

THE SUBSCRIPTION DOCUMENTS

Date: 10 October 2017

Parties: Safe Castle Limited (as Subscriber), an indirect wholly-owned subsidiary of the Company

Altair Asia Investments Limited (as Issuer)

China Silver Asset Management (Hong Kong) Limited (as investment advisor)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Issuer and CSAM and their respective ultimate beneficial owners are independent of and not connected with the Company or any connected persons of the Company.

Pursuant to the Subscription Documents, the Subscriber agreed to subscribe for the Participating Shares issued by the Issuer at the consideration of HK\$200 million. The Subscriber shall settle the total subscription amount by cash in one-off payment as soon as possible, which is expected to be on or around 12 October 2017.

The total subscription amount will be financed by the internal resources of the Group.

Principal Terms of the Participating Shares

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| Number and percentage of Participating Shares | The exact number of Participating Shares is still to be determined with reference to the net assets value of the relevant investment accounts of the Issuer. Based on the net assets value of the relevant investment accounts of the Issuer as at 30 June 2017, the Participating Shares to be issued will represent approximately 78.94% of the entire participating share capital of the Issuer. |
| Redemption period | The Subscriber may request for the redemption of the Participating Shares upon, <i>inter alia</i> , (i) expiry of one-year period after the date of issue and allotment of the Participating Shares, (ii) the failure on the part of the Issuer to pay the dividends on a quarterly basis in a timely manner, (iii) the material breach on the part of the Issuer of the Subscription Documents or (iv) the occurrence of any event which may reasonably be expected to materially and adversely affect the capability of the Issuer to perform its obligations under the Subscription Documents. |
| Guaranteed return | The Subscriber will have a guaranteed return equivalent to 15% internal rate of return per annum on their investment in the Issuer (the “ Guaranteed Return ”). |
| Dividends | Dividends representing the Guaranteed Return will be paid on a quarterly basis. |
| Ranking of the participating shares | The Issuer agrees that the entitlements of the Subscriber to the Guaranteed Return and the total subscription amount shall have priority over other shareholders or investors in the Issuer. |
| Voting rights | Participating Shares shall confer no right to receive notice of, to attend, to speak nor to vote at general meetings of the Issuer. |
| Guarantee and security: | The obligations of the Issuer and CSAM under the Subscription Documents (including but not limited to the Guaranteed Return) are guaranteed/secured by (i) the personal guarantee of one of the directors of the Issuer, (ii) the corporate guarantees of CSAM and its holding company and (iii) the charge over bank accounts of CSAM and (iv) the charge over shares in CSAM. |
| Restrictions on subsequent sale: | There is no specific restriction on the subsequent sales of the Participating Shares. |

The financial results of the Issuer will not be consolidated into the financial results of the Group after allotment and issue of the Participating Shares.

INFORMATION OF THE ISSUER AND CSAM

The Issuer is an exempted company incorporated in the Cayman Islands and is principally engaged in investment in securities.

As at 31 July 2017, the Issuer has an unaudited net assets value of approximately USD6.1 million.

During each of the two years ended 31 December 2016 and the six months ended 30 June 2017, the returns achieved by the Issuer was approximately 6.54%, 45.18% and 1.62% respectively.

CSAM is a licensed corporation authorized to carry on Type 9 regulated activities (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and is an investment advisor of the Issuer. The holding company of CSAM is engaged in investment management.

INFORMATION OF THE GROUP

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.

The Subscriber is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in securities investment.

REASONS FOR, AND BENEFITS OF, THE SUBSCRIPTION

The terms of the Subscription Document were negotiated on an arm's length basis between the Subscriber and the Issuer with reference to the historical performance of the Issuer, its investment strategy, the risk involved and the potential returns. The Directors (including independent non-executive Directors) are of the view that the terms of the Subscription Documents are entered into on a normal commercial terms.

In light of the Guaranteed Return and as the rate of return of the Subscription is generally more favourable and higher than the interest rate of deposits offered by commercial banks in Hong Kong, the Directors consider that the Subscription would provide a higher return.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Documents are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Subscription 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.

DEFINITIONS

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

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| “Board” | the board of Directors; |
| “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; |
| “CSAM” | China Silver Asset Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation authorized to carry on Type 9 regulated activities (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Directors” | the directors of the Company; |
| “Group” | the Company and its subsidiaries; |
| “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; |
| “Issuer” | Altair Asia Investments Limited, a company incorporated in the Cayman Islands; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Participating Shares” | non-voting participating redeemable shares in the capital of the Issuer of US\$0.01 par value each; |
| “Shareholders” | shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscriber” | Safe Castle Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of the Company; |
| “Subscription” | the Subscription of Participating Shares by the Subscriber in accordance with the Subscription Documents; |

“Subscription Documents” collectively, the subscription agreement dated 10 October 2017 entered into between the Subscriber and the Issuer and the side letter dated 10 October 2017 entered into between the Subscriber, the Issuer and CSAM; and

“%” per cent.

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

Hong Kong, 11 October 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, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.