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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 REDEEMABLE 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 31 December 2015.

Reference is made to the announcement (the “**Announcement**”) issued by China Innovative Finance Group Limited (the “**Company**”) dated 24 December 2015 in relation to the proposed issue of US\$40,000,000 7 per cent. secured redeemable convertible bonds due 2017. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF ISSUE OF 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 31 December 2015.

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\$305,000,000, which are intended to be used for the business development and the general working capital of the Group.

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 2.20% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

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 19,304,830,365 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); (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 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 %
Hao Tian Development Group Limited (Note 1)	5,241,500,000	27.15	5,241,500,000	26.56	5,241,500,000	25.06
Yau Wai Lung (Note 2)	3,676,708,000	19.05	3,676,708,000	18.63	3,846,108,000	18.39
Huang Rulun (Note 3)	2,320,000,000	12.02	2,320,000,000	11.75	2,320,000,000	11.09
Ji Kewei (Note 4)	2,284,947,214	11.84	2,284,947,214	11.58	2,284,947,214	10.93
Other public Shareholders	5,781,675,151	29.95	5,781,675,151	29.29	5,781,675,151	27.64
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	2.20	433,333,333	2.07
TOTAL	19,304,830,365	100	19,738,163,698	100	20,914,426,442	100

Notes:

1. Hao Tian Development Group Limited 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 in turn is a subsidiary of Hao Tian Development Group Limited.
2. Mr. Yau Wai Lung, the Director, is deemed to be interested in the 3,676,708,000 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. Huang Rulun is deemed to be interested in the 2,320,000,000 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.
4. 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.

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

Hong Kong, 31 December 2015

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.