



13 October 2016

**High Concentration of Shareholding  
in  
China Innovative Finance Group Limited (Stock Code: 412)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of China Innovative Finance Group Limited (“the Company”) in the hands of a limited number of shareholders as at 30 September 2016.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 30 September 2016, a group of 15 shareholders held an aggregate of 4,317,870,800 Shares, representing 22.50% of the issued Shares. Such shareholding, together with 14,118,232,315 Shares (representing 73.57% of the issued Shares) held by 5 substantial shareholders of the Company, represented 96.07% of the issued Shares as at 30 September 2016. As such, only 752,545,322 Shares (representing 3.93% of the issued Shares) were held by other shareholders.

As at 30 September 2016, the shareholding structure of the Company was as follows:

	<b>Number of Shares held</b> (Shares)	<b>% of total number of issued Shares</b> (%)
Shandong Hi-Speed (Hong Kong) International Capital Limited	5,459,648,350	28.45
Hao Tian Development Group Limited ( <i>Note 1</i> )	3,503,559,650	18.26
Ji Kewei ( <i>Note 2</i> )	2,172,694,315	11.32
NetMind Financial Holdings Limited( <i>Note 3</i> )	1,662,330,000	8.66
Huang Rulun ( <i>Note 4</i> )	1,320,000,000	6.88
A group of 15 shareholders	4,317,870,800	22.50
Other shareholders	752,545,322	3.93
<b>Total</b>	<b>19,188,648,437</b>	<b>100.00</b>

*Note 1: Hao Tian Development Group Limited (stock code: 474) is deemed to be interested in the 3,503,559,650 Shares held by Hao Tian Management (Hong Kong) Limited pursuant to 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 (stock code: 474).*



*Note 2: Mr. Ji Kewei, an executive director of the Company, is deemed to be interested in the 2,167,076,338 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 also personally interested in 5,617,977 Shares.*

*Note 3: NetMind Financial Holdings Limited (stock code: 985) 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 NetMind Financial Holdings Limited (stock code: 985).*

*Note 4: 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 closing price of the Shares increased 27.3% from \$0.66 on 1 August 2016 to \$0.84 on 30 September 2016, with an average daily turnover of 4,687,291 Shares.

Since 1 August 2016, the Company made, inter alia, the following announcements:

- 1) On 16 August 2016, the Company announced the completion of issue of US\$40,000,000 interest 8% secured convertible bonds due 2018, and completion of early redemption of the previous convertible bonds.
- 2) On 18 August 2016, the Company announced that it had been selected as a constituent of the Hang Seng Composite LargeCap & MidCap Index, effective as of the market close of 2 September 2016. In the same announcement, the Company also disclosed that it had been included in Morgan Stanley Capital International (MSCI) Hong Kong Small Cap Index, effective as of the market close of 31 May 2016.
- 3) On 7 October 2016, the Company issued a profit warning as it expected to record a loss for the six months ended 30 September 2016. Such loss was principally attributable to the realized fair value loss on investments.

As of 12 October 2016, the Share price closed at \$0.75, representing an increase of 13.6% from the closing price of \$0.66 on 1 August 2016.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

End