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Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 29 December 2011 (the “Prospectus”) issued by China Assurance Finance Group Limited (the “Company”).

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares or other securities of the Company. Potential investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.



中國融保金融集團有限公司
China Assurance Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)

**LISTING ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING**

Number of Placing Shares:	385,000,000 Placing Shares comprising 150,000,000 New Shares and 235,000,000 Sale Shares (subject to the Over-allotment Option)
Placing Price:	HK\$0.28 per Placing Share, plus brokerage fee of 1%, the Stock Exchange trading fee of 0.005% and the SFC transaction levy of 0.003% (payable in full on application)
Nominal value:	HK\$0.01 each
Stock code:	8090

Sponsor



KINGSTON CORPORATE FINANCE LTD.

Bookrunner and Lead Manager



KINGSTON SECURITIES LTD.

- The Placing Price has been agreed at HK\$0.28 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.28 per Placing Share, the net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are approximately HK\$25.4 million (approximately RMB20.8 million).
- The 385,000,000 Placing Shares (comprising 150,000,000 New Shares and 235,000,000 Sale Shares) offered by the Company and the Vendors under the Placing have been fully subscribed. The Over-allotment Option has not been exercised by the Lead Manager as at the date of this announcement.
- 385,000,000 Placing Shares have been conditionally allocated to a total of 126 selected individual, professional and institutional investors.
- The Directors confirm that all the places under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, the Vendors, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. The Directors further confirm that the Placing has complied with the requirements under Rule 10.12(4) of the GEM Listing Rules.
- The Directors confirm that, immediately after the completion of the Loan Capitalisation Issue, the Capitalisation Issue and the Placing, the Company will comply with the public float requirement under Rule 11.23(7) of the GEM Listing Rules, and not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 6 January 2012.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF PROCEEDS

Pursuant to the Price Determination Agreement dated 3 January 2012 entered into between the Company (for itself and on behalf of the Vendors) and the Lead Manager (for itself and on behalf of the Underwriters), the Placing Price has been agreed at HK\$0.28 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are approximately HK\$25.4 million (approximately RMB20.8 million).

The Directors intend to use all net proceeds from the Placing to be received by the Company for payment of the capital commitments of the Group which fall due in or around December 2012 in relation to the purchase of properties and construction of its office buildings in Hebei and Xiamen, which in aggregate amounted to approximately RMB39.9 million as at 31 August 2011. Any shortfall of which will be satisfied by internal financial resources of the Group. Details please refer to the section headed “Business – Property Interests” in the Prospectus.

To the extent that the net proceeds to be received by the Company from the Placing are not immediately required for the above purpose, the Directors intend to use these net proceeds to increase the registered capital of Hebei Da Sheng and/or Xiamen Da Sheng after the Listing and placed them in short-term interest-bearing deposit accounts with financial institutions in the PRC. When the above-mentioned capital commitments fall due, the net proceeds will be used to satisfy the payments as and when appropriate.

LEVEL OF INDICATION OF INTERESTS UNDER THE PLACING

The 385,000,000 Placing Shares (comprising 150,000,000 New Shares and 235,000,000 Sale Shares) offered by the Company and the Vendors under the Placing have been fully subscribed. The Over-allotment Option has not been exercised by the Lead Manager as at the date of this announcement.

RESULTS OF ALLOCATION

Pursuant to the Placing, 385,000,000 Shares have been conditionally allocated to a total of 126 selected individual, professional and institutional investors. The distribution of the Placing Shares is set out as below:

	Aggregate number of Placing Shares allocated	Approximate percentage of the total number of the Placing Shares allocated	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after the completion of the Loan Capitalisation Issue, the Capitalisation Issue and the Placing
Top placee	35,700,000	9.27%	2.32%
Top 5 placees	176,700,000	45.90%	11.47%
Top 10 placees	331,700,000	86.16%	21.54%
Top 25 placees	380,120,000	98.73%	24.68%

Number of Placing Shares allocated	Number of placees
10,000 to 50,000	86
50,001 to 200,000	12
200,001 to 1,000,000	7
1,000,001 to 10,000,000	11
10,000,001 to 30,000,000	4
30,000,001 and above	6
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Total	126

The Directors confirm that all the places under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, the Vendors, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. The Directors further confirm that the Placing has complied with the requirements under Rule 10.12(4) of the GEM Listing Rules.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after completion of the Loan Capitalisation Issue, the Capitalisation Issue and the Placing, the Company will comply with the public float requirement under Rule 11.23(7) of the GEM Listing Rules, and not more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date (i.e. 6 January 2012) or on any other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No receipt will be issued for subscription monies paid for the Placing Shares. The Company will not issue temporary documents of title.

Share certificates issued in respect of the Placing Shares will be deposited into CCASS on or before Friday, 6 January 2012 for credit to the respective CCASS participants' stock accounts or investor participants' stock accounts of the Underwriters, the places or their agents (as the case may be).

Prospective investors of the Placing Shares should note that the Lead Manager (for itself and on behalf of the Underwriters) has the absolute right to terminate the Underwriting Agreement by giving notice in writing to the Company upon the occurrence of any of the events set forth under the section headed "Underwriting — Grounds for termination" in the Prospectus at any time prior to 8:00 a.m. on the Listing Date (i.e. 6 January 2012). In the event that conditions of the Placing as mentioned therein are not fulfilled prior to the date specified in the Prospectus, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the GEM website at www.hkexnews.hk and the Company's website at www.cafgroup.hk.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 6 January 2012. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the GEM website at www.hkexnews.hk and the Company's website at www.cafgroup.hk. The Shares will be traded in board lots of 10,000 Shares each. The stock code for the Shares is 8090.

By order of the Board
China Assurance Finance Group Limited
Pang Man Kin Nixon
Executive Director

Hong Kong, 5 January 2012

As at the date of this announcement, the executive Directors are Mr. Chang Hoi Nam, Mr. Pang Man Kin Nixon and Mr. Chen Xiao Li; the non-executive Director is Mr. Chang Xi Min; and the independent non-executive Directors are Mr. Chan Kai Wing, Mr. Lam Raymond Shiu Cheung and Mr. Chow Shiu Ki.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkexnews.hk, on the "Latest Company Announcements" page for at least seven days from the day of its posting. This announcement will also remain on the Company's website at www.cafgroup.hk.