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CHINA INNOVATIVE FINANCE GROUP LIMITED

中國新金融集團有限公司

(formerly known as HERITAGE INTERNATIONAL HOLDINGS LIMITED 漢基控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

COMPLETION OF ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that all the conditions of the Subscription have been fulfilled and the completion of the Subscription took place on 28 October 2015 pursuant to the terms and conditions of the Subscription Agreement.

Reference is made to the announcement of China Innovative Finance Group Limited (the “**Company**”) dated 13 October 2015 (the “**Announcement**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

COMPLETION OF ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that all the conditions of the Subscription have been fulfilled and the completion of the Subscription took place on 28 October 2015 pursuant to the terms and conditions of the Subscription Agreement. The Convertible Bonds in the aggregate principal amount of US\$50,000,000 were issued to the Subscriber. The net proceeds from the issue of the Convertible Bonds, namely, HK\$389 million, to be used for the purpose of enhancing the share capital and working capital of Hong Kong Leasing Limited, an indirect wholly owned subsidiary of the Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

EFFECT ON SHAREHOLDING

Upon exercise in full of the subscription rights attaching to the Convertible Bonds at the Conversion Price of HK\$0.68 (subject to adjustment), a maximum of 573,529,411 Conversion Shares will be issued, representing (i) approximately 2.97% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.89% of the issued share capital of the Company as enlarged by the issue of all the Conversion Shares.

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; and (ii) upon full conversion of the Convertible Bonds of the Company (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the Conversion Price) are as follows:

Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>approximate</i> %	<i>No. of Shares</i>	<i>approximate</i> %
Hao Tian Development Group Limited (<i>Note 1</i>)	4,941,500,000	25.60	4,941,500,000	24.86
Yau Wai Lung (<i>Note 2</i>)	3,059,684,000	15.85	3,059,684,000	15.39
Huang Rulun (<i>Note 3</i>)	2,320,000,000	12.02	2,320,000,000	11.67
Ji Kewei (<i>Note 4</i>)	2,284,947,214	11.84	2,284,947,214	11.49
Other Shareholders	6,698,699,151	34.70	6,698,699,151	33.70
The Subscriber	–	–	573,529,411	2.89
	<u>19,304,830,365</u>	<u>100</u>	<u>19,878,359,776</u>	<u>100</u>

Notes:

- Hao Tian Development Group Limited is deemed to be interested in the 4,941,500,000 Shares held by Hao Tian Management (Hong Kong) Limited pursuant to the Securities and Futures Ordinance 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.
- Yau Wai Lung, the Director, is deemed to be interested in the 3,059,684,000 Shares held by Leading Fortune International Group Limited by virtue of his 100% beneficial interest in Leading Fortune International Group Limited.
- 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 Securities and Futures Ordinance by virtue of his controlling interest in Century Golden Resources Investment Co. Ltd.

4. 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 Securities and Futures Ordinance by virtue of Chinanet Consultancy Limited (wholly-owned by 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, 28 October 2015

As at the date of this announcement, the Company has three executive directors, being Mr. Ji Kewei, Mr. Yau Wai Lung and Mr. Ma Chao; one non-executive director, being Mr. Qiu Jianyang; and three independent non-executive directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.