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If you have sold or transferred all your shares in China Innovative Finance Group Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through which the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTION INVOLVING ALLOTMENT AND ISSUANCE OF NEW SHARES TO DIRECTOR AND CHIEF EXECUTIVE AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the SGM to be held at YUE – Function Room, V234, 1/F., City Garden Hotel, 9 City Garden Road, North Point, Hong Kong at 9:30 a.m. on Tuesday, 8 December 2015, is set out on pages 37 to 38 of this circular. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 3 December 2015. The register of members of the Company will be closed from Friday, 4 December 2015 to Tuesday, 8 December 2015, both days inclusive, for determination of entitlements to attend and vote at the SGM during which period no transfer of Shares will be registered.

A form of proxy for use by the Shareholders at the SGM is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

18 November 2015

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DEFINITIONS

In this circular and the appendix to it, unless the context otherwise requires, the following expressions have the following meanings:

“Appointment Date”	11 September 2015, being the date on which new Shares were conditionally allotted and issued to Mr. Ji
“Board”	the board of Directors of the Company
“Business Day”	a day (not being Saturday, Sunday or public holiday) on which banks in Hong Kong generally are open for business
“close associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Company”	China Innovative Finance Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Emolument Shares”	an aggregate of 5,617,977 new Shares as part of the annual emolument to be allotted and issued to Mr. Ji in 2015
“Group”	the Company, together with 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
“Independent Board Committee”	the board committee comprising all independent non-executive Directors, which has been established to give advice to the Independent Shareholders in respect of the allotment and issue of the Emolument Shares
“Independent Financial Adviser”	Asian Capital (Corporate Finance) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, being the independent financial adviser which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of the Emolument Shares

DEFINITIONS

“Independent Shareholders”	all Shareholders other than Mr. Ji
“Latest Practicable Date”	13 November 2015, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ji”	Mr. Ji Kewei, an executive Director, deputy chairman and chief executive of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be held on Tuesday, 8 December 2015 at 9:30 a.m. to consider and, if thought fit, approve the allotment and issue of the Emolument Shares
“SGM Notice”	the notice convening the SGM, which is set out on pages 37 to 38 of this circular
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ji Kewei

Mr. Yau Wai Lung

Mr. Ma Chao

Non-executive Director:

Mr. Qiu Jianyang

Independent non-executive Directors:

Mr. To Shing Chuen

Mr. Chung Yuk Lun

Mr. Cheung Wing Ping

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

29th Floor

China United Centre

28 Marble Road

North Point, Hong Kong

18 November 2015

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
INVOLVING ALLOTMENT AND ISSUANCE OF
NEW SHARES TO DIRECTOR AND CHIEF EXECUTIVE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

We refer to the announcement of the Company dated 11 September 2015 in which the Company announced that it had, on the Appointment Date, conditionally allotted the Emolument Shares to Mr. Ji, being an executive Director and chief executive of the Company, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with further details of the allotment and issue of the Emolument Shares and to provide you with the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the SGM Notice.

LETTER FROM THE BOARD

THE EMOLUMENT SHARES TO BE ALLOTTED AND ISSUED TO MR. JI UNDER THE SERVICE CONTRACT AND SUPPLEMENTAL SERVICE CONTRACT

Pursuant to the service contract dated 11 September 2015 with Mr. Ji, the Company announced that it has, on the Appointment Date, conditionally allotted and issued 5,617,977 Shares (equivalent to an aggregate amount of approximately HK\$5,000,000 based on the closing price of HK\$0.89 per Share as quoted on the Stock Exchange on the Appointment Date) to Mr. Ji, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The key terms of the proposed allotment and issue of Emolument Shares for 2015 pursuant to the service contract dated 11 September 2015 and supplemental service contract dated 5 October 2015 are set out below.

- Number of Emolument Shares : 5,617,977 Shares, representing approximately conditionally conditionally allotted and issued in 2015 0.03% of the existing total issued Shares of the Company and 0.03% of the total issued Shares of the Company as enlarged by the issue of the Emolument Shares (assuming no change in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of the Emolument Shares)
- Value of Emolument Shares : approximately HK\$5,000,000 in aggregate
- Conditions and timing of allotment and issue : The proposed allotment and issue of the Emolument Shares is subject to the following conditions:
- (a) Independent Shareholders approving the allotment and issue of the Emolument Shares;
 - (b) the Stock Exchange granting the listing of and permission to deal in the Emolument Shares; and
 - (c) If Mr. Ji resigns as executive Director, deputy chairman and chief executive of the Company, he must return to the Company on pro rata basis the Emolument Shares entitled for the remaining annual service period which he has not fulfilled.

There will be no proceeds from the allotment and issue of the Emolument Shares, therefore there will be no net price and issue price per Emolument Share.

Assuming there is no change in the total issued Shares of the Company after the Latest Practicable Date, the Emolument Shares of 5,617,977 Shares represent approximately 0.03% of the total issued Shares of the Company as at the Latest Practicable Date and approximately 0.03% of the total issued Shares of the Company as enlarged by the allotment and issue of the Emolument Shares.

LETTER FROM THE BOARD

Mr. Ji owns the entire issued share capital of Chinanet Consultancy Limited, which in turn owns 50% of the issued share capital of China Hover Dragon Group Limited. For the purpose of Part XV of the SFO, Mr. Ji is deemed to be interested in 2,284,947,214 Shares beneficially owned by China Hover Dragon Group Limited by way of trusts, representing approximately 11.84% of the total issued Shares of the Company as at the Latest Practicable Date.

REASONS FOR THE ALLOTMENT AND ISSUE OF THE EMOLUMENT SHARES

The proposed allotment and issue of the Emolument Shares represents part of the annual emolument to be received by Mr. Ji acting as an executive Director, deputy chairman and chief executive the Company. The number of Emolument Shares is determined by the Board after taking into consideration factors such as experience, role and responsibilities in the Company.

The allotment and issue of the Emolument Shares once after the Independent Shareholders' approval and listing approval of the Stock Exchange can provide Mr. Ji with flexibility and strong incentive to attract and retain him to run the Company successfully for improvement of value of the Company. Moreover, there will be compensation arrangement relating to Mr. Ji's resignation as executive Director, deputy chairman and chief executive of the Company that he must return to the Company on pro rata basis the Emolument Shares entitled for the remaining annual service period which he has not fulfilled. The Emolument Shares returned to the Company will be cancelled immediately.

Thus, the Board is of the view that the terms of allotment and issue of the Emolument Shares to Mr. Ji are fair and reasonable and in the interests of the Shareholders as a whole.

EFFECT OF THE ALLOTMENT AND ISSUE OF THE EMOLUMENT SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are (i) the shareholding structure of the Company as at the Latest Practicable Date; (ii) upon allotment and issue of the Emolument Shares and (iii) upon allotment and issue of the Emolument Shares and exercise of share options:

Shareholders	As at the Latest Practicable Date		Upon allotment and issue of the Emolument Shares		Upon allotment and issue of the Emolument Shares and exercise of share options	
	<i>approximate</i>		<i>approximate</i>		<i>approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Hao Tian Development Group Limited (<i>Note 1</i>)	4,941,500,000	25.60	4,941,500,000	25.59	4,941,500,000	25.37
Yau Wai Lung (<i>Note 2</i>)	3,059,684,000	15.85	3,059,684,000	15.84	3,229,084,000	16.58
Huang Rulun (<i>Note 3</i>)	2,320,000,000	12.02	2,320,000,000	12.01	2,320,000,000	11.91
Ji Kewei (<i>Note 4</i>)	2,284,947,214	11.84	2,290,565,191	11.86	2,290,565,191	11.76
Other public Shareholders	6,698,699,151	34.70	6,698,699,151	34.69	6,698,699,151	34.39
	<u>19,304,830,365</u>	<u>100</u>	<u>19,310,448,342</u>	<u>100</u>	<u>19,479,848,342</u>	<u>100</u>

LETTER FROM THE BOARD

Notes:

1. 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 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. Yau Wai Lung, the Director, is deemed to be interested in the 3,059,684,000 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 Yau Wai Lung by the Company under the share option scheme adopted on 18 August 2014.
3. 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. 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 Ji Kewei) holding 50% issued shares of China Hover Dragon Group Limited.

LISTING RULES IMPLICATIONS

Mr. Ji, being the chairman and chief executive officer of China Hover Dragon Group Limited and, after his appointment as an executive Director and chief executive of the Company, is a connected person of the Company under the Listing Rules. Accordingly, the allotment and issue of Emolument Shares is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An Independent Board Committee comprising Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping, all being independent non-executive directors of the Company, has been established to give advice to the Independent Shareholders. A SGM will be convened at which Independent Shareholders will consider and vote by way of poll on the allotment and issue of the Emolument Shares to Mr. Ji. Mr. Ji and his respective associates are required to abstain from voting on the relevant resolution in respect of allotment and issue of the Emolument Shares. An Independent Financial Adviser has been appointed to advise the Independent Board Committee as to whether the terms of allotment and issue of the Emolument Shares are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole and the Independent Board Committee will advise the Independent Shareholders as to how to vote on the resolution approving the allotment and issue of the Emolument Shares at the SGM.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Emolument Shares to be issued to Mr. Ji.

SPECIAL GENERAL MEETING

The SGM Notice is set out on pages 37 to 38 of this circular. An ordinary resolution in respect of the allotment and issue of the relevant Emolument Shares to Mr. Ji will be proposed at the SGM. Any connected person with a material interest in the allotment and issue of Emolument Shares, and any Shareholder with a material interest in the allotment and issue of Emolument Shares and their respective associates, will not vote on the resolution to be proposed at the SGM.

LETTER FROM THE BOARD

Mr. Ji, being the executive Director and allottee of the Emolument Shares, is considered as having material interests in the allotment and issue of Emolument Shares. As at the Latest Practicable Date, Mr. Ji is deemed to be interested in 2,284,947,214 Shares beneficially owned by China Hover Dragon Group Limited by way of trusts, representing approximately 11.84% of the total issued Shares of the Company as at the Latest Practicable Date. Mr. Ji and his associate(s) (to the extent they hold any Shares) are required to abstain from voting at the SGM. As far as the Company is aware, except for Mr. Ji and his associates, no other Shareholder is required to abstain from voting at the SGM.

A form of proxy for use by the Shareholders at the SGM is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution set out in the SGM Notice will be voted by way of poll.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the register. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

RECOMMENDATION

Having considered the reasons set out in the section headed "Reasons for the Allotment and Issue of the Emolument Shares" in this circular, the Directors (excluding Mr. Ji) are of the view that the terms of the allotment and issue of the Emolument Shares to Mr. Ji are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors (excluding Mr. Ji) recommend all Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

GENERAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from Independent Financial Adviser set out on page 8 and pages 9 to 31 respectively of this circular, and the additional information set out in the Appendix to this circular.

By order of the Board
China Innovative Finance Group Limited
Yau Wai Lung
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

18 November 2015

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
INVOLVING ALLOTMENT AND ISSUANCE OF
NEW SHARES TO DIRECTOR AND CHIEF EXECUTIVE**

We refer to the circular of China Innovative Finance Group Limited (the “**Company**”) dated 18 November 2015 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context requires otherwise.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the allotment and issue of the Emolument Shares are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Asian Capital (Corporate Finance) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the allotment and issue of the Emolument Shares and whether it is in the interests of the Company and the Shareholders as a whole. We wish to draw your attention to the letter from Asian Capital (Corporate Finance) Limited as set out on pages 9 to 31 of the Circular and the letter from the Board as set out on pages 3 to 7 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Asian Capital (Corporate Finance) Limited stated in its letter, we consider that the terms of the allotment and issue of Emolument Shares are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed ordinary resolution in relation to the Emolument Shares at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
China Innovative Finance Group Limited

To Shing Chuen Chung Yuk Lun Cheung Wing Ping
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser, for incorporation in this circular, setting out its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the allotment and issue of the Emolument Shares.



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

Suite 601, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

18 November 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION INVOLVING ALLOTMENT AND ISSUANCE OF NEW SHARES TO DIRECTOR

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of the Emolument Shares to Mr. Ji and terms thereof, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 18 November 2015 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, on the Appointment Date, the Company has conditionally allotted and issued the Emolument Shares to Mr. Ji, being an executive Director, subject to conditions and compliance with the reporting, announcement and Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Mr. Ji, being an executive Director, is a connected person of the Company. Accordingly, the allotment and issue of the Emolument Shares by the Company to Mr. Ji is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened at which Independent Shareholders will consider and vote by way of poll on the allotment and issue of the Emolument Shares to Mr. Ji. Mr. Ji, being the allottee of the Emolument Shares, is considered as having material interests in the allotment and issue of the Emolument Shares. As at the Latest Practicable Date, for the purposes of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), except for the Emolument Shares proposed to be allotted and issued to Mr. Ji, Mr. Ji is deemed to be interested in 2,284,947,214 Shares, representing approximately 11.84% of the total issued Shares of the Company through his shareholdings in Chinanet Consultancy Limited, which in turn owns 50% of the issued share capital of China Hover Dragon Group Limited as at the Latest Practicable Date. As such, Mr. Ji and his associate(s) are required to abstain from voting at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, Asian Capital (Corporate Finance) Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of allotment and issue of the Emolument Shares are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole.

We are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we did not have any engagement with the Company or Mr. Ji and no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or associates or Mr. Ji or any of his associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, its subsidiaries or Mr. Ji or their respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the allotment and issue of the Emolument Shares, we have considered the following principal factors and reasons:

1. Background information of Mr. Ji

As disclosed in the Company's announcement dated 11 September 2015, Mr. Ji, being the allottee of the Emolument Shares, was appointed as an executive Director, deputy chairman, chief executive and a member of each of the remuneration committee and executive committee of the Company with effect from 11 September 2015, being the Appointment Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Company's announcement dated 11 September 2015, Mr. Ji holds a Master of Business Administration degree and a Doctor of Philosophy degree in Economics (Finance). Mr. Ji has over 30 years of experience in the financial and financial leasing services industry in Hong Kong and the PRC. Mr. Ji has served the following positions: vice president of the People's Bank of China, Jinzhou Branch and concurrently deputy director of the State Administration of Foreign Exchange, Jinzhou Sub-Branch; general manager of the Fund Planning Department of the People's Bank of China, Shenzhen Special Economic Zone Branch; chairman of the board and president of Shenzhen City Commercial Bank (now renamed as Ping An Bank); director of China Everbright Group Limited and vice president of China Everbright Bank head office and executive vice president of China Everbright Bank; chairman of the board of Concord Group (BVI) Limited and concurrently as the chairman of the board of Concord Capital Securities Limited and Concord Credit Services Limited respectively; executive director and the chief executive officer of China Finance Investment Holdings Limited (formerly known as Cypress Jade Agricultural Holdings Limited and Ever Fortune International Holdings Limited) (stock code: 00875), a company listed on the main board of the Stock Exchange; vice chairman of the board of HNA Capital Holdings Limited and chairman of the board of HNA Group International Headquarters (Hong Kong) Co., Limited. He is currently the chairman of the board and the chief executive officer of China Hover Dragon Group Limited.

Having considered the responsibilities and the experiences of Mr. Ji, the Company considers that Mr. Ji possesses the professional qualifications and expertise to act as an executive Director.

Mr. Ji entered into a formal service contract with the Company on 11 September 2015 and a supplemental service contract dated 5 October 2015. The appointment of Mr. Ji as executive director, deputy chairman, chief executive and member of remuneration committee and executive committee of the Company is for a term of three years commencing from 11 September 2015 and he is subject to retirement from the Board by rotation and re-election in accordance with the bye-laws of the Company. Mr. Ji will be entitled to receive an annual emolument in terms of ordinary shares of the Company equivalent to an aggregate amount of approximately HK\$5.0 million and HK\$9.1 million in cash in 2015, all of which are determined with reference to his duties and responsibilities of the Company, his qualifications and experience. In addition, Mr. Ji may be entitled to a bonus as determined at the discretion of the Board with reference to his performance.

The Board meets from time to time to review and consider the Company's operations, financial results and other relevant matters identified by the Directors. The Board has established an audit committee, a remuneration committee, a nomination committee and executive committee as integral elements of good corporate governance and to oversee relevant aspects of the affairs of the Company. The nomination committee of the Company, of which Mr. Ji has been appointed a member, is primarily responsible for, among others, considering the independence and quality of nominees and making recommendations to the Board so as to ensure that all nominations are fair and transparent. The executive committee of the Company, of which Mr. Ji has been appointed a member, is primarily responsible for the day-to-day operation and administration of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the allotment and issue of the Emolument Shares

The principal terms of the allotment and issue of the Emolument Shares to Mr. Ji are set out as follows:

- Number of new Shares conditionally allotted : 5,617,977 Shares, representing approximately 0.03% of the existing total issued Shares of the Company and 0.03% of the total issued Shares of the Company as enlarged by the allotment and issue of the Emolument Shares (assuming no change in the total issued Shares of the Company between the Last Practicable Date and the date of allotment and issue of the Emolument Shares)
- Value of Emolument Shares : approximately HK\$5,000,000 in aggregate
- Conditions and timing of issue : The proposed allotment and issue of the Emolument Shares is subject to the following conditions:
- (a) Independent Shareholders approving the allotment and issue of the Emolument Shares;
 - (b) the Stock Exchange granting the listing of and permission to deal in the Emolument Shares; and
 - (c) If Mr. Ji resigns as executive Director, deputy chairman and chief executive of the Company, he must return to the Company on pro rata basis the Emolument Shares entitled for the remaining annual service period which he has not fulfilled.

As at the Latest Practicable Date, except for the Emolument Shares proposed to be allotted and issued to Mr. Ji, Mr. Ji is deemed to be interested in 2,284,947,214 Shares, representing approximately 11.84% of the total issued Shares of the Company through his shareholdings in Chinanet Consultancy Limited, which in turn owns 50% of the issued share capital of China Hover Dragon Group Limited as at the Latest Practicable Date. Assuming that all the Emolument Shares are granted to him, Mr. Ji will be deemed to be interested in a total of 2,290,565,191 Shares, representing 11.86% of the total issued Shares of the Company as a result of the allotment and issue of the Emolument Shares.

To assess the fairness and reasonableness of the terms of the allotment and issue of the Emolument Shares, we have compared such terms with those of other award share allotments by comparable companies which are listed on the Stock Exchange. Based on the information available from the Stock Exchange's website, we have, to our best knowledge, identified 29 comparable issuance by 23 companies (the "**Grant Comparables**") which had announced the granting of award shares to their respective employees and/or directors during the period (the "**Review Period**") from 11 September 2014, being twelve months preceding the Appointment Date, to the Appointment Date for comparison purposes. We consider that the length of the Review Period is a commonly adopted time span for our analysis which covers sufficient number of comparable companies to reflect the current practice in the market in respect of the allotment of award shares. This could also avoid a biased result obtained within a short period of time.

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A comparison of the terms of the allotment and issue of the Emolument Shares and those of the Grant Comparables are set out in Table 1 below.

Table 1 – Issue Terms of the Grant Comparables and the Company

Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
IGG INC (799)	10 September 2015	The share award grantees of the group pursuant to the share award scheme	0.07%	N/A	1 year
Earthasia International Holdings Limited (6128)	22 July 2015	5 participants pursuant to the scheme	10%	1%	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
Tang Palace (China) Holdings Limited (1181)	14 July 2015	28 selected participants by way of allotment of new shares under the share award plan pursuant to the general mandate	0.242%	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
Tencent Holdings Limited (700)	10 July 2015	any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any member of the group or any invested entity and any consultant, adviser or agent of any member of the group	0.232%	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Shirble Department Store Holdings (China) Limited (312)	10 July 2015	28 eligible employees pursuant to the employees' share award scheme	2%	0.1%	2 years
O-Net Communications (Group) Limited (877)	7 July 2015	any employee or director (including, without limitation, any executive directors, non-executive directors or independent non-executive directors) of any member of the group	3.55%	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
Biostime International Holdings Limited (1112)	2 July 2015	Two (2) selected participants who are granted the 2015 batch 1 awarded shares	0.0224%	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
TCL Multimedia Technology Holdings Limited (1070)	25 June 2015	Not only employees but also advisors, consultants, agents, contractors, clients or suppliers of any member of the group or any other person whom the board in its sole discretion considers may contribute or have contributed to the group	N/A	N/A	Not mentioned
Global Brands Group Holding Limited (787)	28 May 2015	Any individual, being an employee, director, officer, consultant or advisor of any member of the group or any affiliate	2.5%	1%	6 years

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Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Phoenix Healthcare Group Co. Ltd (1515)	25 May 2015	63 selected participants under the scheme	1.05%	N/A <i>(Note)</i>	1 year
Li & Fung Limited (494)	21 May 2015	850 eligible persons pursuant to the share award scheme	0.654%	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
Da Ming International Holdings Limited (1090)	5 May 2015	30 selected employees	N/A	N/A <i>(Note)</i>	Not mentioned
Yuanda China Holdings Limited (2789)	5 May 2015	(i) Mr. Zhang Lei (executive director) (ii) 8 subsidiary directors (iii) 72 other selected employees who are independent of the company and its connected persons	N/A	N/A <i>(Note)</i>	9 days subject to the conditions as set out in the scheme
Global Brands Group Holding Limited (787)	30 April 2015	Certain executives of the company	N/A	N/A	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Pacific Basin Shipping Limited (2343)	17 April 2015	All of the selected employees, which consist of more than six individuals, are employees who have accepted an employment offer (whether full time or part time) by a member of the group and none of them is a director, substantial shareholder or connected person (as defined by the listing rules) of the company.	0.506%	N/A (Note)	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
Guotai Junan International Holdings Limited (1788)	17 April 2015	Four executive directors, namely Dr. YIM Fung, Mr. LI Guangjie, Mr. LI Sang Edward, Mr. WONG Tung Ching and other 54 independent eligible persons	0.51%	0.13%, 0.02%, 0.017% and 0.07% for the four executive directors respectively	The awarded shares will be vested on 30 November 2015, 30 November 2016 and 30 November 2017
Hop Hing Group Holdings Limited (47)	9 April 2015	the key management personnel including directors and senior management of the group, consultants, experts, agents, representatives of the group and employees of the group	0.637%	N/A (Note)	the award shares are vested subject to the fulfilment of certain conditions but the length of the vesting period was not mentioned
China Mengniu Dairy Company Limited (2319)	8 April 2015	Mr. Bai, an executive director and the chief operating officer of the company	0.49%	0.49%	8 months

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Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Shui On Land Limited (272)	1 April 2015	15 eligible persons who are connected with the company; and 13 eligible persons who are independent of the company	0.21% for the 15 connected eligible persons; 0.10% for the 13 independent eligible persons	N/A (<i>Note</i>)	50% vested on or before 30 June 2017, 25% vested on 2 January 2018 and 25% vested on 2 January 2019
Fosun International Limited (656)	26 March 2015	71 selected participants under the share award scheme	0.06669%	N/A (<i>Note</i>)	1 year
Changfeng Axle (China) Company Limited (1039)	25 March 2015	Mr. Lai Fengcai, the chief executive officer of the company	0.18%	0.18%	Not mentioned
IGG INC (8002)	23 March 2015	Eligible persons who are not connected persons of the company	0.21%	N/A (<i>Note</i>)	4 years
Evergreen International Holdings Limited (238)	23 January 2015	Eligible persons who are not connected persons of the company	1.08%	N/A (<i>Note</i>)	1 year and 3 months
Tang Palace (China) Holdings Limited (1181)	19 January 2015	Eligible persons who are not connected persons of the company	0.317%	N/A (<i>Note</i>)	Not mentioned
IGG INC (8002)	21 November 2014	Eligible persons who are not connected persons of the company	0.024%	N/A (<i>Note</i>)	4 years
Freotech Road Recycling Technology (Holdings) Limited (6888)	16 October 2014	2 executive directors and eligible persons who are not connected persons of the company	0.138%	N/A (<i>Note</i>)	1 year

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Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Da Ming International Holdings Limited (1090)	15 October 2014	Executive directors and family member and relatives of a director and substantial shareholder; eligible persons who are not connected persons of the company	1.132%	N/A (<i>Note</i>)	1 year
Biostime International Holdings Limited (1112)	10 October 2014	Executive directors and eligible persons who are not connected persons of the company	0.109%	N/A (<i>Note</i>)	1 year
China Mengniu Dairy Company Limited (2319)	19 September 2014	An executive director	0.008%	0.008%	2 years
The Company (412)	11 September 2015	An executive director	0.03%	0.03%	

Source: the website of the Stock Exchange

Note: No disclosure of the percentages of number of award shares to each individual awardee to the total issued share capital was made in the announcements of the Grant Comparables.

As shown in Table 1, the percentage of the total number of award shares to the total issued share capital of the Grant Comparables ranges from approximately 0.008% to 10.00% while the percentage of the number of award shares to each individual awardee to the total issued share capital of the Grant Comparables ranges from approximately 0.008% to 1.00%. The percentage of the total number of Emolument Shares to the total issued share capital of the Company of approximately 0.03% is within the range of the Grant Comparables.

Meanwhile, the vesting period of the Grant Comparables ranges from 9 days to 6 years. We noted from the service contract and supplemental service contract of Mr. Ji that if Mr. Ji resigns as executive Director, deputy chairman and chief executive of the Company, he must return to the Company on pro rata basis the Emolument Shares entitled for the remaining annual service period which he has not fulfilled. We understand from the management of the Company that such term is formulated to have the effect similar to the vesting period mechanism as set in Table 1 above.

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To further assess the fairness and reasonableness of the terms of the allotment and issue of the Emolument Shares, we have also compared such terms with those of the share award schemes adopted by comparable companies which are listed on the Stock Exchange. Based on the information available from the Stock Exchange's website, we have, to our best knowledge, identified 33 comparable companies (the "Scheme Comparables") which had announced the adoption of share award scheme during the period (the "Scheme Review Period") from 11 September 2014, being twelve months immediately preceding the Appointment Date, to the Appointment Date for comparison purposes. We consider that the length of the Scheme Review Period is a commonly adopted time span for our analysis which covers sufficient number of comparable companies to reflect the current practice in the market in respect of the granting of award shares. This could also avoid a biased result obtained within a short period of time.

A comparison of the terms of the scheme of the Emolument Shares and those of the share award schemes adopted by the Scheme Comparables is set out in Table 2 below.

Table 2 – Issue Terms of the Scheme Comparables and the Company

Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Beijing Enterprises Medical and Health Industry Group Limited (2389)	11 September 2015	Any employee, director, or consultant, of the company, any subsidiary or any associate	10%	1% (An independent non-executive director shall not exceed 0.1%)	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
China Tianyi Holdings Limited (756)	11 September 2015	Any eligible participants (other than any excluded person) for participation in the share award scheme	10%	1%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Jiangnan Group Limited (1366)	9 September 2015	the group's employees, executives, officers or directors	10%	1%	\$0.01	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
China NT Pharma Group Company Limited (1011)	4 September 2015	Any eligible employee under the scheme	10%	1%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
C.banner International Holdings Limited (1028)	31 August 2015	Any employee (other than any excluded employee) for participation in the share award scheme	10%	1%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
International Housewares Retail Company Limited (1373)	26 July 2015	Any employee (other than any excluded employee) for participation in the scheme	5%	1%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
China For You Group Company Limited (572)	15 July 2015	Any eligible person (other than excluded person) for participation in the share award scheme	10%	1%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
NATIONAL AGRICULTURAL HOLDINGS LIMITED (1236)	6 July 2015	Any employee or director (including, without limitation, any executive directors, non-executive directors or independent non-executive directors) of any member of the group or any consultants and advisers to any member of the group	10%	Not mentioned	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
FDG Electric Vehicles Limited (729)	29 June 2015	Any eligible employee(s) at the board's discretion;	8%	Not mentioned	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
China Renji Medical Group Limited (648)	19 June 2015	Any qualifying grantee for participation in the share award scheme at the board's discretion;	10%	Not mentioned	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Hong Kong Exchanges and Clearing Limited (388)	17 June 2015	Not mentioned	Not mentioned	Not mentioned	Not mentioned	Not mentioned
Concord New Energy Group Limited (182)	15 June 2015	Employee(s) selected by the board for participation in the scheme	5%	1%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
South China Financial Holdings Limited (619)	10 June 2015	Selected employees (including without limitation any executive directors)	Not mentioned	Not mentioned	Not mentioned	Not mentioned
Sunny Optical Technology (Group) Company Limited (2382)	26 May 2015	Any individual being a director (including executive and nonexecutive director), employee, officer, agent or consultant of the group;	10%	1%	Not mentioned	two (2) to five (5) years

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Li & Fung Limited (494)	20 April 2015	Any employee, director, officer, consultant or advisor of any member of the group	3%	Not mentioned	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Artgo Holdings Limited (3313)	20 April 2015	Any employee, director, officer, agent, consultant, supplier, customer, adviser, business partner or representative of any member of the group	10%	1%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
China Pioneer Pharma Holdings Limited (1345)	10 April 2015	Any selected employee (including without limitation any executive director) of any member of the group	10%	1%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Shui On Land Limited (272)	1 April 2015	Employees of any member of the group	5%	1%	Not mentioned	The vesting period will be set out in the relevant award letter issued at the time of grant

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Global Brands Group Holding Limited (787)	27 March 2015	Any individual, being an Employee, director, officer, consultant or advisor of any member of the Group or any Affiliate who the Board or its delegate(s)	2.5%	1%	Not mentioned	6 years
Fosun International Limited (656)	26 March 2015	An employee, a director, an officer, a consultant or an advisor of any member of the group	5%	0.3%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Hengdeli Holdings Limited (3389)	25 March 2015	(i) Any senior management employee, employed by the company and/or its subsidiaries from time to time; and (ii) any consultant employed by the company and/or its subsidiaries	10%	0.5%	Not mentioned	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Hop Hing Group Holdings Limited (47)	20 March 2015	Any of the (i) key management personnel including the directors and senior management of the group; (ii) consultants, experts, agents, representatives of the group; and (iii) employees of the group (whether full time or part time)	10%	1%	Nil	Yes, but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
National Agricultural Holdings Limited (1236)	23 January 2015	Any employee or director of any member of the group or any consultants and advisers to any member of the group	10%	Not mentioned	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
TSC Group Holdings Limited (206)	16 January 2015	Selected persons determined by the remuneration committee from time to time on the basis of the its opinion as to his contribution to the development and growth of the group	3.00%	Not mentioned	Nil	Not mentioned
MIE Holdings Limited (1555)	7 January 2015	Any employee or consultant of any member of the group or of any affiliate, excluding expressly any core connected person (as defined in the Listing Rules) and connected person (as defined in the Listing Rules)	10%	1%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Haitong International Securities Group Limited (665)	19 December 2014	Any selected employee or director of any member of the group	10%	1.00%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
KuangChi Science Limited (439)	24 November 2014	Any participant (excluding any excluded employee) after taking into various factors as it deems appropriate for participation in the restricted share award scheme as a selected participant	5.00%	Not mentioned	Nil	Maximum of 10 years and the award shares are vested subject to the fulfillment of certain conditions
China Outfitters Holdings Limited (1146)	4 November 2014	Any selected employees	10%	1.00%	Nil	Yes, the vesting conditions and the length of the vesting period was determined from time to time
Longfor Properties Co. Ltd. (960)	28 October 2014	Any selected employees	3.00%	1.00%	Nil	Yes, the vesting conditions and the length of the vesting period was determined from time to time

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Company name (stock code)	Date of announcement	Awardee(s)	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Century Ginwa Retail Holdings Limited (162)	17 October 2014	Any member of management and employee of any member of the group, directors, any suppliers, customers, shareholders, advisers (professional or otherwise), joint venture and service providers to any member of the group	Not mentioned	1.00%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Yuxing InfoTech Investment Holdings Limited (8005)	6 October 2014	Any employee (excluding any director and any chief executive) of the company or any of its subsidiaries	3.00%	Not mentioned	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Branding China Group Limited (8219)	29 September 2014	Any employee of any member of the group	5.00%	1.00%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned
Shandong Weigao Group Medical Polymer Company Limited (1006)	30 September 2014	Any employee of any member of the group, or any person who, in the sole opinion of the remuneration committee, will contribute or has contributed to any member of the group	5.00%	0.50%	Nil	Yes, the award shares are vested subject to the fulfillment of certain conditions but the length of the vesting period was not mentioned

Source: the website of the Stock Exchange

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As shown in Table 2, the maximum scheme limit of the Scheme Comparables ranges from approximately 3.00% to 10.00% while the maximum individual entitlement ranges from approximately 0.10% to 1.00%. Only one company requires a consideration of HK\$0.01 per award share and no consideration is required under all the other Scheme Comparables. The percentage of total number of Emoluments Shares to the total issued share capital of the Company of approximately 0.03% falls below the lower end of the respective ranges of the maximum scheme limit of the Scheme Comparables and within the respective ranges of the maximum individual entitlement of the Scheme Comparables.

As each of the Grant Comparables and the Scheme Comparables may not be entirely comparable to the Group in terms of business activities, market capitalization, scale of operations, financial positions, business performance, future prospects and other relevant criteria, we, in forming our opinion, have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Having considered the abovementioned factors and the issue and allotment of the Emolument Shares as part of a remuneration package is a market norm and in view of the relatively small size of the value of the Emolument Shares when compared with the market capitalization and total assets of the Group, we consider that the terms of the allotment and issue of the Emolument Shares are fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

3. Mr. Ji's overall remuneration under the service contract

As the Emolument Shares form part of the remuneration package Mr. Ji to receive from the Company, we have also compared Mr. Ji's remuneration package under his service contract with the Company with those comparable companies, which are listed on the Stock Exchange, offer to their senior executives in a position comparable to that of Mr. Ji in the Company as part of our procedures in assessing the fairness and reasonableness of the terms of the allotment and issue of the Emolument Shares.

Based on the information available from the Stock Exchange's website, we have, to our best knowledge, identified 6 companies (i) having business activities similar to those of the Company (which share the same industrial classification of the Company as displayed in the Stock Exchange's website); (ii) having similar size with the Company (having market capitalization ranging from 40% to 200% of that of the Company as at the Appointment Date) for comparison purpose.

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We have obtained from the latest annual report of each of the comparable companies the total monetary value of the remuneration offered to the executive in the latest financial year and compared with that Mr. Ji to receive from the Company. A comparison of the overall remuneration package of the executives serving in companies comparable to the Company is set out in Table 3 below.

Table 3 – Comparison of the overall remuneration package

Company name (stock code)	Market capitalization as at the Appointment Date (HK\$ million)	Position held by the executive	Monetary value of the remuneration offered (HK\$'000)
China Cinda Asset Management Co., Ltd. (01359)	116,711.1	Chairman	1,541.3
China Everbright Ltd. (0165)	34,974.1	CEO	9,048.0
Guoco Group Ltd. (0053)	58,439.1	President, CEO	46,058.3
China LNG Group Ltd. (0931)	492.3	Chairman, CEO	10.0
Good Resources Holdings Ltd. (0109)	400.9	Chairman	3,915.0
Value Partners Group Ltd. (0806)	3,809.6	Chairman	50,806.0
		Average:	18,563.1
		Maximum:	50,806.0
		Minimum:	10.0
The Company	17,181.3	Mr. Ji	14,100.0

Source: the website of the Stock Exchange; annual reports of the comparable

As shown in Table 3, the monetary value of the remuneration offered by the comparables ranges from approximately HK\$0.01 million to approximately HK\$50.8 million, with an average of approximately HK\$18.6 million. As a comparison, the monetary value of the remuneration the Company offered to Mr. Ji under his service contract falls within the said range and below the average of the samples taken.

As each of the comparables may not be entirely comparable to the Group in terms of business activities, market capitalization, scale of operations, financial positions, business performance, future prospects and other relevant criteria, we have, in forming our opinion, considered the results of the above comparison together with all other factors stated in this letter as a whole.

Having considered the abovementioned factors and the issue and allotment of the Emolument Shares as part of a remuneration package is a market norm and in view of the relatively small size of the value of the Emolument Shares when compared with the market capitalization and total assets of the Group, we consider that the terms of the allotment and issue of the Emolument Shares, as part of the remuneration package the Company offered to Mr. Ji, are fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

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4. Reasons for the allotment and issue of the Emolument Shares

The Company is an investment holding company and its subsidiaries principally engaged in investment in listed securities, money lending and financial leasing.

Pursuant to the service contract entered into between the Company and Mr. Ji, Mr. Ji will be entitled to receive an annual emolument in terms of ordinary shares of the Company equivalent to an aggregate amount of approximately HK\$5.0 million in the form of the Emolument Shares and HK\$9.1 million in cash, all of which are determined by the Board after taking into consideration factors such as experience, role and responsibilities in the Company. The Board is of the view that the terms of issue of the Emolument Shares to Mr. Ji are fair and reasonable and in the interest of the Shareholders as a whole.

We were advised by the management of the Company that issuing the Emolument Shares to Mr. Ji is a form of equity award providing him with a direct economic interest in attaining the long term business objectives of the Group. The Company has considered other alternatives to reward the executive Directors, including increasing the Director's fee by cash payment and the grant of share options.

In respect of the alternative of increasing the Director's fee, it will incur cash outflow by the Company and it cannot serve the purpose of giving rewards in equity form to enable the allottee to enjoy the potential growth of the Company. In respect of the alternative of granting of share options, exercising the share options will require payment of subscription price by the option holder who can only enjoy the potential reward if and when the option holder realizes the exercised shares above the subscription price. Given the Company intends to attract and motivate Mr. Ji to participate in, and contribute to, the future development and growth of the Group with less cash outflow by the Company, the Company considers, and we concur with its view, that the allotment and issue of the Emolument Shares, together with the cash remuneration, is an appropriate and balanced mean to award Mr. Ji.

Having considered the reasons and factors mentioned above, we consider that the issue of the Emolument Shares, as part of the remuneration Mr. Ji is to receive from the Company as his annual remuneration in 2015, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Financial effects of the allotment and issue of the Emolument Shares on the Group

Earnings

According to the annual report of the Company for the year ended 31 March 2015, the Group recorded consolidated audited net loss attributable to the owners of the Company of approximately HK\$128.7 million for the year ended 31 March 2015. The allotment and issue of the Emolument Shares will increase the net loss of the Group after deducting the expenses relating to the allotment and issue of the Emolument Shares and the director's remuneration to be recorded based on the value of the Emolument Shares of approximately HK\$5.0 million in aggregate which is calculated using the closing price of the Share of HK\$0.89 on the Appointment Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net asset value

According to the annual report of the Company for the year ended 31 March 2015, the Group recorded consolidated net asset value attributable to owners of the Company of approximately HK\$1,421.1 million. As the allotment and issue of the Emolument Shares will increase share capital of the Group while the increase in director's remuneration will reduce the earnings of the Group, the net effect of the allotment and issue of the Emolument Shares on the consolidated net asset value attributable to owners of the Company is minimal.

Cash flow

According to the annual report of the Company for the year ended 31 March 2015, the Group had cash and cash equivalents of approximately HK\$4.3 million as at 31 March 2015. The allotment and issue of the Emolument Shares will have no effect on the cash flow of the Group other than the expenses relating to the allotment and issue of the Emolument Shares. However, on comparison with the alternative of increasing Director's fee by way of cash payment to the executive Director, the allotment and issue of the Emolument Shares can reduce the Group's cash outflow.

6. Potential dilution to the shareholdings of the existing public Shareholders

Assuming there is no change in the total issued share capital of the Company after the Latest Practicable Date and upon the issue of the Emolument Shares, Mr. Ji will be deemed to be interested in 2,290,565,191 Shares, representing approximately 11.86% of the total issued shares of the Company as enlarged by the allotment and issue of the Emolument Shares.

Given that the dilution effect on the shareholdings of the existing Shareholders is immaterial and having considered the reasons as detailed in the section headed "Reasons for the allotment and issue of the Emolument Shares" above, and the terms of the allotment and issue of the Emolument Shares are fair and reasonable, we are of the opinion that the shareholding dilution to the Independent Shareholders is acceptable so far as the Independent Shareholders are concerned.

RECOMMENDATION

After taking into account the above principal factors and reasons, we consider that the allotment and issue of the Emolument Shares is on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the allotment and issue of the Emolument Shares are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, and recommend the Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the SGM to approve the allotment and issue of the Emolument Shares.

Yours faithfully,
For and on behalf of
Asian Capital (Corporate Finance) Limited
Larry Chan
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Number of Shares					Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of Company's issued share capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Other interests				
Ji Kwei	-	-	2,284,947,214 <i>(Note 1)</i>	-	-	2,284,947,214	11.84	
Yau Wai Lung	-	-	3,059,480,000 <i>(Note 2)</i>	-	169,400,000 <i>(Note 3)</i>	3,228,880,000	16.73	

Notes:

1. China Hover Dragon Group Limited beneficially owns 2,284,947,214 Shares by way of trusts. Chinanet Consultancy Limited owns 50% of the issued share capital of China Hover Dragon Group Limited and Mr. Ji owns the entire issued share capital of Chinanet Consultancy Limited.
2. Mr. Yau Wai Lung is deemed to be interested in 3,059,480,000 Shares by virtue of his 100% beneficial holding in Leading Fortune International Group Limited, which holds 3,059,480,000 Shares as at the Latest Practicable Date. Mr. Yau Wai Lung is also a director of Leading Fortune International Group Limited.
3. The 169,400,000 underlying Shares are Shares issuable upon the exercise of share options granted by the Company to Yau Wai Lung under the share option scheme of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company was interested in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive were taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register maintained by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors' interest or short position in the Shares and underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to any of the Directors or chief executive of the Company, the following director (other than a person who is a Director or chief executive of the Company) is a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number of Shares interested	Percentage of issued share capital of the Company
Yau Wai Lung	3,059,480,000 <i>(Note 1)</i>	15.85
Leading Fortune International Group Limited	3,059,480,000 <i>(Note 1)</i>	15.85
Ji Kewei	2,284,947,214 <i>(Note 2)</i>	11.84
China Hover Dragon Group Limited	2,284,947,214 <i>(Note 2)</i>	11.84

Notes:

1. Mr. Yau Wai Lung is deemed to be interested in 3,059,480,000 Shares by virtue of his 100% beneficial holding in Leading Fortune International Group Limited, which holds 3,059,480,000 Shares as at the Latest Practicable Date. Mr. Yau Wai Lung is also a director of Leading Fortune International Group Limited.
2. China Hover Dragon Group Limited beneficially owns 2,284,947,214 Shares by way of trusts. Chinanet Consultancy Limited owns 50% of the issued share capital of China Hover Dragon Group Limited and Mr. Ji owns the entire issued share capital of Chinanet Consultancy Limited. Mr. Ji Kewei is the chairman and chief executive officer of China Hover Dragon Group Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any of the Directors or chief executive of the Company, the Company had not been notified of any other director (other than the Directors or chief executive of the Company) who is a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2015, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, except for the matters described in the profit warning announcement published by the Company on 14 October 2015, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 14 October 2015.

6. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries as at the Latest Practicable Date.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with any member of the Group which does not expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

8. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Asian Capital (Corporate Finance) Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Asian Capital (Corporate Finance) Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (c) Asian Capital (Corporate Finance) Limited has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which it is included.
- (d) As at the Latest Practicable Date, Asian Capital (Corporate Finance) Limited was not interested, directly or indirectly, in any assets which had since 31 March 2015 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM:

- (a) the service contract dated 11 September 2015 entered into between the Company and Mr. Ji; and
- (b) the supplemental service contract dated 5 October 2015 entered into between the Company and Mr. Ji.

10. MISCELLANEOUS

- (a) The head office and principal place of business of the Company in Hong Kong is at 29/F., China United Centre, 28 Marble Road, North Point, Hong Kong.
- (b) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of China Innovative Finance Group Limited (the “**Company**”) will be held at YUE – Function Room, V234, 1/F., City Garden Hotel, 9 City Garden Road, North Point, Hong Kong at 9:30 a.m. on Tuesday, 8 December 2015 (the “**SGM**”) for the purpose of considering and, if thought fit, passing with or without amendment the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the allotment and issue of an aggregate of 5,617,977 ordinary shares of the Company (the “**Shares**”) to Mr. Ji Kewei, an executive director and chief executive of the Company, subject to obtaining approval for the listing of and permission to deal in such new Shares and certain vesting conditions, be and is hereby approved and the directors of the Company be and are hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of the said Shares to Mr. Ji Kewei.”

By order of the Board
China Innovative Finance Group Limited
Yau Wai Lung
Executive Director

Hong Kong, 18 November 2015

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A form of proxy for use at the SGM is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the SGM convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the above Meeting or any adjournment thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. The register of members will be closed from 4 December 2015 to 8 December 2015, both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the forthcoming special general meeting of the Company, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 3 December 2015.
8. As at the date of this notice, 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.