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CHINA FINANCIAL INTERNATIONAL INVESTMENTS LIMITED

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

ISSUE OF CONVERTIBLE BOND

The Directors announce that, on 20 November 2012, the Company and the Subscriber entered into the Subscription Agreement whereby the Subscriber has agreed to subscribe for the Convertible Bond in the aggregate principal amount of HK\$280,000,000.

The initial Conversion Price (subject to adjustment) is HK\$0.50 per Share, representing (i) a premium of approximately 20.48% over the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on 20 November 2012, and (ii) a premium of approximately 24.07% to the average closing price of HK\$0.403 per Share for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

Assuming full conversion of the Convertible Bond at the initial Conversion Price of HK\$0.50 per Share, the Convertible Bond will be convertible into 560,000,000 fully-paid Conversion Shares, representing approximately 12.02% of the issued share capital of the Company as at the date of this announcement and approximately 10.73% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares. Such Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted at the annual general meeting held on 16 December 2011.

The estimated net proceeds of the issue of the Convertible Bond, after deduction of expenses, are approximately HK\$279,500,000. The net proceeds are intended to be used by the Company for expanding its small loan and guarantee business in the PRC by investing and acquiring small loan company(ies) and/or guarantee company(ies) in the PRC or to be used by the Company in other projects in relation to small loan and/or guarantee business.

Completion of the Subscription Agreement and the issue of the Convertible Bond shall take place at 11 a.m. within five business days following the grant by the Listing Committee of the Stock Exchange of approval for the listing of and permission to deal in the Conversion Shares or on such other later date the parties to the Subscription Agreement may agree.

Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

The Directors announce that the Company entered into the Subscription Agreement on 20 November 2012.

Subscription Agreement

Date: 20 November 2012

Parties: (1) The Company, as issuer; and
(2) The Subscriber

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for and the Company has agreed to issue the Convertible Bond upon completion of the Subscription Agreement in the aggregate principal amount of HK\$280,000,000 in accordance with the terms and conditions of the Subscription Agreement.

The Convertible Bond is convertible into Conversion Shares. New Shares will be issuable upon conversion of the Convertible Bond and will rank pari passu in all respects with the existing Shares. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the Convertible Bond.

Undertakings

Upon completion of the issue of the Convertible Bond pursuant to the Subscription Agreement, the Company has undertaken to the Subscriber to execute a deed of pledge (the “**Deed of Pledge**”) in respect of the pledge (the “**Pledge**”) of the PRC Companies Equity Interest in favour of the Subscriber for the purpose of securing the Company’s obligations under the Subscription Agreement and the terms and conditions of the Convertible Bond, subject to the final approval and registrations by or filings with the relevant PRC authorities of the Deed of Pledge, the Pledge and relevant documents.

Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

Principal Terms of the Convertible Bond and the Issue of the Convertible Bond

The principal terms of the Convertible Bond and the issue of the Convertible Bond are summarised as follows:

- Issuer: The Company.
- Principal amount: HK\$280,000,000.
- Subscription price: 100% of the principal amount of the Convertible Bond.
- Condition: The Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Conversion Shares to be issued upon conversion of the Convertible Bond.
- Completion: Within five business days following the satisfaction of the Condition or such other later date as agreed by the parties.
- Maturity: The 3rd anniversary day of the Issue Date or such other day as the Company and the holder of the Convertible Bond may agree in writing.
- Redemption: At any time prior to the Maturity Date and on the occurrence of an event of default as set out in the conditions of the Convertible Bond under the Subscription Agreement (which includes: default in performance or observance by the Company of its obligations under the Subscription Agreement, any encumbrancer taking possession or receiver being appointed of assets or undertaking of the Company, the Company ceasing or threatening to cease to carry on its business or substantial part thereof which materially and adversely affect its financial or business position, any conditions of the Convertible Bond as set out in the Subscription Agreement becoming void, illegal or ceasing to be in full force or effect, petition for winding-up being filed, receiver or trustee for winding-up being appointed, entry of winding-up order or any corporate action taken to give such effect in respect of the Company, moratorium agreed in respect of the indebtedness of the Company, governmental agency or authority seizing all or material part of assets of the Company, any representation,

warranty or undertaking by the Company proved to have been incorrect, unlawful or illegal for the Company to perform its obligations under the Subscription Agreement, distress, execution or seizure is levied or enforced upon the properties of the Company which remains un-discharged or Shares ceasing to be listed on the Stock Exchange), the Subscriber may demand immediate redemption of the Convertible Bond at an amount equal to the outstanding principal amount of the Convertible Bond plus interest accrued thereon up to the actual date of redemption.

At any time on and after the Maturity Date, the Subscriber may demand immediate redemption of the Convertible Bond at an amount equal to the outstanding principal amount of the Convertible Bond plus interest accrued thereon up to the actual date of redemption.

Early redemption: The Company has the right to notify the Subscriber to redeem the Convertible Bond at any time prior to the Maturity Date at an amount equal to the principal amount then outstanding plus interest accrued thereon up to the actual date of redemption. Such notification is irrevocable.

Conversion Period: On any business day during the period commencing from the Issue Date up to the Maturity Date or any other day as the Subscriber and the Company may agree in writing.

Conversion Price: HK\$0.50 per Share which will be subject to customary anti-dilution adjustment for consolidation or subdivision, bonus issue of Shares or capital distribution.

Interest: The Convertible Bond will bear interest on the outstanding principal thereof from the Issue Date at the rate per annum equal to seven per cent (7%) on the principal amount of the Convertible Bond outstanding from time to time. The interest will, subject as provided herein, be payable by the Company on every six (6) calendar months from the Issue Date.

In the event that the Subscriber has converted part or the whole of the principal amount of the Convertible Bond into Shares, the Subscriber will be entitled to interest in respect of such part or whole of the principal amount for the period from the Issue Date up to its conversion date concerned.

Interest will accrue from day to day and will be calculated on the basis of the actual number of days elapsed and a 365-day year, including the first day of the period during which it accrues and the actual date of redemption or conversion of the Convertible Bond.

Issue: The Convertible Bond will be issued at par and in registered form.

Ranking: The Conversion Shares to be issued upon conversion of the Convertible Bond will rank *pari passu* in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Bond.

Transferability: The Convertible Bond or any part(s) thereof may be assigned or transferred to any third party which is not a connected person (as defined in the Listing Rules) of the Company, subject to compliance with the conditions as set out in the Subscription Agreement and the conditions, approvals, requirements and any other provisions of or under the Stock Exchange and its rules and regulations, the approval for listing and dealing in respect of the Conversion Shares and all applicable laws and regulations.

Voting: The Subscriber will not be entitled to receive notice of, attend or vote at any meetings of the Company by reason only of their being the holder of the Convertible Bond.

Having considered the subscription of the Convertible Bond by the Subscriber, the Directors consider that the interest rate, the other terms of the Convertible Bond as set out in the Subscription Agreement, and the terms of the Deed of Pledge are fair and reasonable and in the interest of the Shareholders as a whole.

EFFECT ON THE SHARE CAPITAL

Assuming issuance of the Convertible Bond in the aggregate principal amount of HK\$280,000,000 and full conversion of the Convertible Bond at the initial Conversion Price of HK\$0.50 per Share, the Convertible Bond will be convertible into 560,000,000 fully-paid Conversion Shares, representing approximately 12.02% of the issued share capital of the Company as at the date of this announcement and approximately 10.73% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares. Such Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted at the annual general meeting held on 16 December 2011 (the “**General Mandate**”). The following table summarises the shareholding structure of the Company as at the date of this announcement, and that on the assumption that the Convertible Bond is fully converted:

Name of Shareholders	Existing (as at the date of this announcement)		Assuming that the Convertible Bond is fully converted into Conversion Shares at the initial Conversion Price of HK\$0.50 each	
	No. of Shares	Approximate % to the issued share capital of the Company	No. of Shares	Approximate % to the enlarged issued share capital of the Company
Du Lin Dong <i>(Notes 1 & 2)</i>	50,330,000	1.08%	50,330,000	0.965%
Rightfirst Holdings Limited <i>(Note 1)</i>	634,234,830	13.62%	634,234,830	12.16%
Ma Jie <i>(Note 2)</i>	6,000,000	0.13%	6,000,000	0.115%
Ding Xiaobin <i>(Note 2)</i>	500,000	0.01%	500,000	0.01%
Public shareholders	3,966,769,200	85.16%	3,966,769,200	76.02%
The Subscriber	—	—	560,000,000	10.73%
Total	4,657,834,030	100%	5,217,834,030	100%

Notes:

- (1) The entire issued share capital of Rightfirst Holdings Limited is directly and beneficially owned by Mr. Du Lin Dong (“**Mr. Du**”). Mr. Du is deemed to be interested in 634,234,830 Shares held by Rightfirst Holdings Limited under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).
- (2) Mr. Du, Mr. Ma Jie and Mr. Ding Xiaobin are Directors.

As at the date of this announcement, the Company has a total of 69,800,000 outstanding share options under a share option scheme adopted by the Company on 15 January 2008. As the authorised share capital of the Company as at the date of this announcement represents 30,000,000,000 Shares, the authorised share capital of the Company shall have sufficient authorised but unissued share capital to perform its obligations in the event of full conversion of the Convertible Bond.

Mandate to issue the Conversion Shares

The issue of the Conversion Shares is not subject to Shareholders' approval.

The Conversion Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 821,876,806 Shares. A total of 240,000,000 Shares have been allotted and issued under the General Mandate pursuant to two subscription agreements both dated 18 July 2012. As at the date of this announcement, 581,876,806 Shares under the General Mandate have not yet been utilised. Assuming that the Convertible Bond is fully converted, the General Mandate is sufficient for the issue and allotment of the 560,000,000 Conversion Shares. The 560,000,000 Conversion Shares constitutes approximately 96.24% of the unused General Mandate.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BOND

The Company is an investment holding company and its principal subsidiaries are engaged in the holding of equity or equity-related investments in listed and unlisted companies in Hong Kong and the PRC.

The Group is actively exploring opportunities to expand its investment horizon and to enhance the investment return of the Group and the Shareholders as a whole. The Directors take the view that the economy in the PRC will continuously grow, such that the demand for the financial services such as small loan and guarantee business will continue to grow and will have good profit margin. Since late 2010, the Group has commenced its investment in small loan and guarantee business in the PRC.

In order to strive for better returns for Shareholders, the Directors consider that the issue of the Convertible Bond represents an opportunity to broaden the capital base of the Company and to raise capital for its investment in small loan and guarantee business in the PRC. This can materialise the Company's strategic deployment and rapid expansion for entering small loan industry in the PRC at its soonest, which is in line with the existing investment strategy of the Group and is expected to generate a good return.

The Directors (including the independent non-executive Directors) considered (1) the terms of the Convertible Bond under the Subscription Agreement and the Conversion Price (which represents (i) a premium of approximately 20.48% over the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on 20 November 2012, and (ii) a premium of approximately 24.07% to the average closing price of HK\$0.403 per Share for the last five consecutive trading days immediately preceding the date of the Subscription Agreement); and (2) the expansion of the Company's small loan business and/or guarantee business in the PRC are fair and reasonable and are in the interests of the Shareholders as a whole.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Convertible Bond, after deducting expenses are approximately HK\$279,500,000. The estimated net proceeds are intended to be used by the Company for expanding its small loan and guarantee business in the PRC by investing and acquiring small loan company(ies) and/or guarantee company(ies) in the PRC or to be used by the Company in other projects in relation to small loan and/or guarantee business.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
18 July 2012	Subscription of 240,000,000 Shares at the subscription price of HK\$0.45 per Share	Approximately HK\$107.8 million	Investment in small loan and guarantee companies in the PRC	Approximately HK\$107.8 million used as intended.
15 December 2011	Subscription of 304,950,000 Shares at the subscription price of HK\$0.45 per Share	Approximately HK\$137 million	Investment in small loan and guarantee companies in the PRC	Approximately HK\$137 million used as intended.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

INFORMATION ABOUT THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands. The sole shareholder of the Subscriber is Chen Jian and the sole director of the Subscriber is Chen Jian. The Subscriber is an investment holding company.

During the year ended 30 June 2011, the Group disposed of 70% equity interest in a subsidiary, Globe Capital Resources Investment Limited (“**Globe Capital**”) (a company incorporated in the British Virgin Islands) to the Subscriber who was an independent third party at a cash consideration of HK\$42,000,000. Immediately after such transaction, the Group does not have the control in Globe Capital as the Group’s interest in Globe Capital was reduced from 100% to 30% and Globe Capital ceased to be a 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 and ultimate director are not connected persons (as defined in the Listing Rules) of the Company and are all third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) of the Company.

Completion of the Subscription Agreement is subject to its terms as set out above. Please refer to the section headed "SUBSCRIPTION AGREEMENT" above for further information.

As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

GENERAL

The Convertible Bond will not be offered to the public or listed in Hong Kong nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company. The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Convertible Bond by any connected person (as defined in the Listing Rules) of the Company.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:–

“Company”	China Financial International Investments Limited (stock code: 721), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Conversion Price”	initial conversion price of the Convertible Bond, being HK\$0.50 per Share, subject to adjustments pursuant to the Subscription Agreement and the terms and conditions of the Convertible Bond;

“Conversion Shares”	Shares to be issued by the Company upon conversion of the Convertible Bond in accordance with the Subscription Agreement and the terms and conditions of the Convertible Bond;
“Convertible Bond”	the convertible bond due 2015 in an aggregate principal amount of HK\$280,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement;
“Directors”	directors of the Company;
“Group”	the Company and all its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Issue Date”	the date of issue of the Convertible Bond;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	the 3rd anniversary day of the Issue Date or such other day as the Company and the Subscriber may agree in writing;
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement only, Macau Special Administrative Region of the PRC, Hong Kong and Taiwan;
“PRC Companies Equity Interest”	the twelve small loan companies established in the PRC, whose relevant equity interest is respectively held by and legally and beneficially owned by the Company as follows:– (1) 23.33% equity interest in Jingdezhen CFI Guosen Microfinance Co., Ltd. (景德鎮市中金國信小額貸款有限責任公司);

- (2) 30% equity interest in Tianjin Zhongjinxinke Microfinance Limited (天津中金新科小額貸款有限公司);
- (3) 30% equity interest in Tianjin Rongshun Microfinance Limited (天津融順小額貸款有限公司);
- (4) 30% equity interest in Harbin Zhongjinguoxin Microfinance Co., Ltd. (哈爾濱市中金國信小額貸款股份有限公司);
- (5) 10% equity interest in TIIC Rongshun Micro-Loan Company Limited (天津國投融順小額貸款有限公司);
- (6) 30% equity interest in Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. (南昌市東湖區中金財信小額貸款股份有限公司);
- (7) 30% equity interest in Nanjing NingGangRongTong Technology Microfinance Co., Ltd. (南京市寧港融通科技小額貸款有限公司);
- (8) 30% equity interest in Ezhou Zhongjinguotou Microfinance Limited (鄂州市中金國投小額貸款有限責任公司);
- (9) 10% equity interest in Tianjin Binlian Microfinance Limited (天津市濱聯小額貸款有限責任公司);
- (10) 30% equity interest in Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. (資陽市雁江中金國信小額貸款股份有限公司);
- (11) 30% equity interest in Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd. (南京江寧明陽融通農村小額貸款有限公司); and
- (12) 30% equity interest in Tianjin Rongyang Micro-Loan Limited (天津融陽小額貸款股份有限公司);

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Jumbo View Holdings Limited, a company incorporated in the British Virgin Islands with limited liability; and
“Subscription Agreement”	a subscription agreement dated 20 November 2012 entered into between the Company and the Subscriber, pursuant to which the Subscriber has agreed to subscribe and pay for the Convertible Bond.

By Order of the Board of
China Financial International Investments Limited
Du Lin Dong
Chairman

Hong Kong, 20 November 2012

As at the date of this announcement, the executive Directors are Mr. Du Lin Dong, Mr. Liu Baorui and Mr. Pong Po Lam Paul, the non-executive Directors are Mr. Ma Jie and Mr. Ding Xiaobin, and the independent non-executive Directors are Dr. Cheung Wai Bun Charles, Mr. Wan Hongchun and Mr. Zeng Xianggao.