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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

The board (the “**Board**”) of directors (the “**Directors**”) of China Financial International Investments Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2012 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2012

		Unaudited	
		Six months ended	
		31 December	
		2012	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	1,811	1,078
Other income	5	10	2,310
Net change in fair value of financial assets at fair value through profit or loss	6	(35,333)	(122,119)
Impairment loss of available-for-sale financial assets		(6,200)	–
Finance costs		(530)	–
Administrative expenses		(16,605)	(16,562)
Share of profit of an associate		37	44
		<hr/>	<hr/>
Loss before tax	7	(56,810)	(135,249)
Income tax expense	8	(2,658)	(147)
		<hr/>	<hr/>
Loss for the period		<u>(59,468)</u>	<u>(135,396)</u>
 OTHER COMPREHENSIVE INCOME			
Available-for-sale financial assets:			
Change in fair value of available-for-sale financial assets		17,609	16,471
Reclassification adjustment for loss included in profit or loss– Impairment loss		6,200	–
Income tax effect		(1,552)	(1,647)
		<hr/>	<hr/>
		22,257	14,824
Exchange differences on translation of financial statements of overseas subsidiaries		242	269
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>22,499</u>	<u>15,093</u>
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		 <u>(36,969)</u>	 <u>(120,303)</u>
 Loss per share attributable to ordinary equity holders of the Company			
Basic	10(a)	<u>(1.30) cents</u>	<u>(3.29) cents</u>
Diluted	10(b)	<u>(1.30) cents</u>	<u>(3.29) cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Unaudited 31 December 2012 HK\$'000	Audited 30 June 2012 HK\$'000
Non-current assets		
Property, plant and equipment	3,014	3,872
Interests in an associate	444	407
Available-for-sale financial assets	400,326	334,027
Financial assets at fair value through profit or loss	590,717	213,581
Other receivable	–	10,000
	994,501	561,887
Total non-current assets		
Current assets		
Financial assets at fair value through profit or loss	166,000	227,350
Loan receivable	–	35,894
Prepayments, deposits and other receivables	52,940	53,075
Cash and cash equivalents	50,934	32,110
	269,874	348,429
Total current assets		
Current liabilities		
Other payables and accruals	511	1,164
Due to a related company	9	950
Due to an associate	101	143
Tax payable	4,199	4,199
	4,820	6,456
Total current liabilities		
Net current assets		
	265,054	341,973
Total assets less current liabilities		
	1,259,555	903,860
Non-current liabilities		
Convertible bond	272,968	–
Deferred tax liabilities	7,658	3,448
	280,626	3,448
Net assets		
	978,929	900,412
Equity		
Issued capital	46,579	44,179
Reserves	932,350	856,233
	978,929	900,412
Total equity		
	978,929	900,412
Net asset value per share	21.0 cents	20.4 cents

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2012

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2012 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale financial assets, which have been measured at fair values. These interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2012, except for the adoption to the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) as of 1 July 2012 as noted below:

HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on the Group’s results and financial position.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this interim financial information.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ³
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC)-Int 20 <i>Annual Improvements Project 2009-2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ² Amendments to a number of HKFRSs issued in June 2012 ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Directors of the Company are in the process of making an assessment of the impact of these new standards and amendments. So far, the Directors consider that except for the adoption of HKFRS 9, HKFRS 10, HKFRS 12 and HKFRS 13, these new standards and amendments are unlikely to have a significant impact on the Group's results and financial position.

3. OPERATING SEGMENT INFORMATION

Management has determined the newly adopted operating segments based on the reports reviewed by management for making investment decisions. These segments are based on the underlying business of the Group's investments as follows:

- a) micro-loan service
- b) real estates
- c) others (includes guarantee service, investment consultation service and other businesses)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

The operating segments presented in the prior period were based on the categories of investment, which included available-for-sale financial assets and financial assets at fair value through profit or loss ("FVTPL"). Segment information for the prior period presented are restated to reflect the new segmentation basis adopted by the management.

Segment results

Six months ended 31 December 2012

	Unaudited	Unaudited	Unaudited	Unaudited
	Micro-loan	Real estates	Others	Total
	service			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment results	<u>31,401</u>	<u>(66,048)</u>	<u>(5,075)</u>	(39,722)
Share of profit of an associate				37
Unallocated income				10
Unallocated expenses				<u>(17,135)</u>
Loss before tax				(56,810)
Income tax expense				<u>(2,658)</u>
Loss for the period				<u>(59,468)</u>

Six months ended 31 December 2011

	Unaudited Micro-loan service <i>HK\$'000</i>	Unaudited Real estates <i>HK\$'000</i>	Unaudited Others <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
Segment results	2,739	(103,460)	(20,320)	(121,041)
Share of profit of an associate				44
Unallocated income				2,310
Unallocated expenses				(16,562)
Loss before tax				(135,249)
Income tax expense				(147)
Loss for the period				(135,396)

Segment results represent loss on disposal of listed securities, fair value loss of financial assets at FVTPL, impairment loss of available-for-sale financial assets and the corresponding dividend income earned from financial assets at FVTPL without allocation of central administration expenses and fees to the investment managers.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Unaudited 31 December 2012 <i>HK\$'000</i>	Audited 30 June 2012 <i>HK\$'000</i>
Micro-loan service	900,475	475,260
Real estates	118,498	184,546
Others	138,070	115,152
Total segment assets	1,157,043	774,958
Unallocated assets	107,332	135,358
	1,264,375	910,316

For the purpose of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, interests in an associate, loan receivable, prepayments, deposits and other receivables, a consideration receivable from disposal of an investment, a deposit paid for an investment and bank balances.

All liabilities as at 31 December 2012 and 30 June 2012 are unallocated liabilities.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

4. (LOSS)/GAIN ON INVESTMENTS

	Unaudited Listed securities <i>HK\$'000</i>	Unaudited Unlisted investments <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<i>Six months ended 31 December 2012</i>			
<i>Included in profit or loss:</i>			
Realised (loss)/gain:			
Financial assets at FVTPL	–	–	–
Unrealised (loss)/gain:			
Financial assets at FVTPL	(66,734)	31,401	(35,333)
Impairment loss:			
Available-for-sale financial assets	–	(6,200)	(6,200)
Total realised and unrealised (loss)/gain included in profit or loss	(66,734)	25,201	(41,533)
<i>Included in other comprehensive income:</i>			
Unrealised gain:			
Available-for-sale financial assets	–	23,809	23,809
Total realised and unrealised (loss)/gain for the period	(66,734)	49,010	(17,724)
<i>Six months ended 31 December 2011</i>			
<i>Included in profit or loss:</i>			
Realised loss:			
Financial assets at FVTPL	(9,354)	–	(9,354)
Unrealised (loss)/gain:			
Financial assets at FVTPL	(115,504)	2,739	(112,765)
Total realised and unrealised (loss)/gain included in profit or loss	(124,858)	2,739	(122,119)
<i>Included in other comprehensive income:</i>			
Unrealised gain:			
Available-for-sale financial assets	–	16,471	16,471
Total realised and unrealised (loss)/gain for the period	(124,858)	19,210	(105,648)

5. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Unaudited Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
REVENUE		
Dividend income from listed securities	<u>1,811</u>	<u>1,078</u>
OTHER INCOME		
Bank interest income	5	2,310
Miscellaneous	<u>5</u>	<u>–</u>
	<u>10</u>	<u>2,310</u>

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Net realised loss on financial assets at FVTPL	–	(9,354)
Net unrealised loss on financial assets at FVTPL	<u>(35,333)</u>	<u>(112,765)</u>
	<u>(35,333)</u>	<u>(122,119)</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Unaudited Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Custodian fee	72	67
Depreciation	911	891
Investment management fee	641	528
Operating lease	1,694	1,674
Staff costs, including directors' remuneration:		
Salaries and wages	8,339	7,827
Pension scheme contributions	49	38
Equity-settled share option expense	<u>294</u>	<u>1,956</u>

8. INCOME TAX

	Unaudited	
	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Current – People's Republic of China	–	147
Deferred tax	2,658	–
	<hr/>	<hr/>
	2,658	147
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the six months ended 31 December 2012. Taxes on profits assessable in other jurisdiction have been calculated at the rate of tax prevailing in the respective jurisdiction during the period.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2012.

9. DIVIDEND

The directors did not recommend payment of interim dividend for the six months ended 31 December 2012 (31 December 2011: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the six months ended 31 December 2012 of HK\$59,468,000 (2011: HK\$135,396,000) and the weighted average number of ordinary shares of 4,578,269,000 (2011: 4,109,384,000) in issue during the period.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 31 December 2012 and 31 December 2011 in respect of a dilution as the impact of the share options granted under the share option scheme outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the investments in the listed securities for short term and unlisted investments for medium and long term.

The Group recorded a loss of HK\$59.47 million for the six months ended 31 December 2012 (the “**Period**”), decreased 56.08% compared to the loss of HK\$135.40 million for the same period last year. The loss, which was partially offset by the increase in unlisted investments of financial assets at fair value through profit and loss, was mainly due to unrealised losses on listed securities at fair value through profit or loss, impairment loss of an unlisted investment in investment consultation services classified as available-for-sale financial asset and relatively higher administrative expenses due to the Group’s increasing investment activities in financing service industry in the People’s Republic of China (the “**PRC**”).

LISTED INVESTMENTS REVIEW

During the Period, the decline in the market value of the Group’s listed securities portfolio resulted in an unrealised loss of HK\$66.73 million (2011: HK\$115.50 million). Dividend income from listed securities increased by 67.59% to HK\$1.81 million from HK\$1.08 million as compared with the same period last year.

During the Period, all the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) except for China Mobile Games and Entertainment Group Limited (“**CMGE**”), which is listed on The NASDAQ Stock Market in the United States. As at 31 December 2012, the market value of the listed securities amounted to HK\$157.87 million (30 June 2012: HK\$224.04 million).

Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	% of equity interest	Market value at 31 December 2012 HK\$'000	Dividend income HK\$'000
VODone Limited	Tele-media, lottery-related and mobile games business in the PRC	11,944,000	0.38	8,719	561
Hidili Industry International Development Limited	Coal mining, manufacture and sale of coke and clean coal and provision of transportation	15,009,000	0.73	30,468	1,250
China Water Property Group Limited	Property development and property investment businesses in the PRC	194,259,429	10.74	118,498	–
CMGE	Mobile game developers	5,972	0.002	182	–
				<u>157,867</u>	<u>1,811</u>

UNLISTED INVESTMENTS REVIEW

For the period ended 31 December 2012, fair value of the Group's unlisted investments portfolio was increased by HK\$49.01 million (2011: HK\$19.21 million).

As at 31 December 2012, the fair value of the Group's unlisted investments, amounted to HK\$999.18 million (30 June 2012: HK\$550.92 million).

Unlisted Investments Portfolio

Name of company	Location	Business nature	Fair value at 31 December 2012 HK\$'000
Micro-loan service			
1 Jingdezhen CFI Guosen Microfinance Co., Ltd.	Jingdezhen, Jiangxi Province	Provision of small loan and financial consultation services	198,025
2 TianJin XEDA Microfinance Co., Ltd.	Tianjin	Provision of small loan and financial consultation services	86,776
3 Tianjin Rongshun Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	42,678
4 TIIC RongShun Micro-Loan Company Limited	Tianjin	Provision of small loan and financial consultation services	14,401
5 Zhengzhou Economic Technological Development Mingyang Micro-loan Limited	Zhengzhou, Henan Province	Provision of small loan and financial consultation services	43,682
6 Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	Provision of small loan and financial consultation services	41,949
7 Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	Donghu District, Nanchang, Jiangxi Province	Provision of small loan and financial consultation services	41,750
8 Tianjin Binlian Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	13,557
9 Nanjing NingGangRongTong Technology Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation services	39,635
10 Ezhou Zhongjinguotou Microfinance Limited	Ezhou, Hubei Province	Provision of small loan and financial consultation services	186,485

Name of company	Location	Business nature	Fair value at 31 December 2012 HK\$'000
11 Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	Ziyang, Sichuan Province	Provision of small loan and financial consultation services	79,235
12 Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation service	36,673
13 Tianjin Zhongjinxinke Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	36,710
14 Tianjin Rongyang Micro-Loan Limited	Tianjin	Provision of small loan and financial consultation services	38,919
		Sub-total:	<u>900,475</u>
Guarantee service			
15 Jiangxi Zhongjin Hanchen Guarantee Company Limited	Nanchang, Jiangxi Province	Provision of guarantees to small and medium enterprises	51,686
Investment consultation service			
16 Shenzhen Zhongtougjinxin Asset Management Company Limited	Shenzhen, Guangdong Province	Provision of consultation services on project investments	12,150
17 Xi'an Kairong Investment Management Limited	Xi'an, Shanxi Province	Provision of investment and management consultation services	18,724
		Sub-total:	<u>30,874</u>
Information system service and mining			
18 Globe Capital Resources Investment Limited	British Virgin Islands	Investment holding	16,141
		Total:	<u><u>999,176</u></u>

Micro-loan service

Our investments in small loan companies have covered various provinces and cities in the PRC in last 2 years, and the Group has become one of the major investors in small loan investment chains in the PRC. This was benefited from the Group's advantages in our platform, resources, capital and people, and also attributable to market opportunities, government support in the PRC and the support and cooperation from many strategic partners.

- (1) The Company invested in 30% equity interest of Jingdezhen CFI Guosen Microfinance Co., Ltd.. It is principally engaged in the provision of rapid and nimble small loan and credits to small and medium enterprises (the "SMEs"), rural sectors (farmers, villages and agricultural industry) and privately or individually-owned businesses and also in the provision of the management and financial consultation services for the development of local enterprises in Jingdezhen, Jiangxi Province, the PRC.
- (2) The Company invested in 30% equity interest of TianJin XEDA Microfinance Co., Ltd.. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (3) The Company invested in 30% equity interest of Tianjin Rongshun Microfinance Limited. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (4) The Company invested in 10% equity interest of TIIC RongShun Micro-Loan Company Limited. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (5) The Group entered into a sales and purchase agreement to acquire 30% equity interest of 鄭州經濟技術開發區明陽小額貸款有限公司 (transliterated as Zhengzhou Economic Technological Development Mingyang Micro-loan Limited, "**Zhengzhou Mingyang**"). It is principally engaged in the provision of rapid and nimble small loan and financial consultation services in Zhengzhou Economic Technical Development Zone, Henan Province, the PRC.

On 21 February 2011, the Group settled the full considerations. The completion of this acquisition is conditional upon approval of relevant government authorities in Henan Province, the PRC. According to the sales and purchase agreement and having sought advice from the Company's PRC legal advisers, the directors are of the opinion that the Group has beneficial interests on these 30% equity interest of Zhengzhou Mingyang upon settlement of the full considerations. The Group anticipates the completion of the acquisition by end of 2013.

- (6) The Company invested in 30% equity interest of Harbin Zhongjinguoxin Microfinance Co., Ltd.. It is principally engaged in the provision of rapid and nimble small loan service in Harbin, Heilongjiang Province, the PRC.
- (7) The Company invested in 30% equity interest of Nanchang Donghu Zhongjincaixin Microfinance Co., Limited. It is principally engaged in the provision of rapid and nimble small loans, enterprise development, management and financial consultation services to SMEs, rural sectors (farmers, villages and agricultural industry) and privately or individually-owned businesses in Donghu District, Nanchang, Jiangxi Province, the PRC.
- (8) The Company invested in 10% equity interest of Tianjin Binlian Microfinance Limited. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (9) The Company invested in 30% equity interest of Nanjing NingGangRongTong Technology Microfinance Co., Ltd. (“**NingGangRongTong**”). It is principally engaged in provision of (i) rapid and nimble small loans and enterprise development, management and financial consultation services; (ii) financial guarantee to technology enterprises, small and medium enterprises and sole proprietors; and (iii) investing in equity interest of (up to 30% of the total amount of authorised registered capital of NingGangRongTong) small and medium technology enterprises in Jiangning district (mainly focusing on Nanjing Jiangning Economic Technical Development Zone (南京江寧經濟技術開發區)), Nanjing, Jiangsu Province, the PRC, which is state-level economic development zone.
- (10) The Company invested in 30% equity interest of 鄂州市中金國投小額貸款有限責任公司 (transliterated as Ezhou Zhongjinguotou Microfinance Limited). It is principally engaged in the provision of rapid and nimble small loan services to SMEs, rural sectors (farmers, villages and agricultural industry) and privately or individually-owned businesses in Ezhou, Hubei Province, the PRC.
- (11) The Company invested in 30% equity interest of Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.. It is principally engaged in the provision of rapid and nimble small loan, and related consultation services to SMEs, sole proprietors and rural sectors (farmers, villages and agricultural industry) in Ziyang, Sichuan Province, the PRC.
- (12) The Company invested in 30% equity interest of Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.. It is principally engaged in the provision of rapid and nimble small loan and credits, and financing guarantee services to rural sectors (farmers, villages and agricultural industry) in Jiangning district, Nanjing, Jiangsu Province, the PRC.

- (13) The Company invested in 30% equity interest of Tianjin Zhongjinxinke Microfinance Limited. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (14) The Company invested in 30% equity interest of Tianjin Rongyang Micro-Loan Limited. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.

Guarantee service

- (15) The Company made an investment to acquire 30% equity interest of 江西中金漢辰擔保有限公司 (transliterated as Jiangxi Zhongjin Hanchen Guarantee Company Limited). It is principally engaged in the provision of guarantees to SMEs and assists such enterprises in obtaining loans from financial institutions in Jiangxi Province, the PRC.

Investment consultation service

- (16) The Company invested in 30% equity interest of 深圳市中投金信資產管理有限公司 (transliterated as Shenzhen Zhongtoujinxin Asset Management Company Limited). It is principally engaged in the consultation services on project investments, enterprise management and economic information and corporate image planning.
- (17) The Company invested in 30% equity interest of 西安開融投資管理有限公司 (transliterated as Xi'an Kairong Investment Management Limited). It is principally engaged in the investment and management consultation services in Xi'an, Shanxi Province, the PRC.

Information system service and mining

- (18) The Company held 30% equity interest in Globe Capital Resources Investment Limited (“**Globe Capital**”). Globe Capital is principally engaged in investment holding which had two investments with 29% equity interest in 江西九三三科技發展有限責任公司 (transliterated as Jiangxi 933 Technology Development Company Limited, “**Jiangxi 933**”) and 25% equity interest in 贛縣長鑫礦業有限責任公司 (transliterated as Gan County Changxin Mining Company Limited, “**Changxin Mining**”). Jiangxi 933 is principally engaged in the provision of information system services while Changxin Mining is principally engaged in the exploitation of metal mines.

PROSPECT

Looking ahead, global economy is expected to improve in 2013 compared to last year. The main reasons are as follows: Economic outlook of the United States is positive in light of the expected economic recovery in United States after its “fiscal cliff” problem has been solved. The strong recovery in real estate market and increasing personal consumption may attract huge inflow of international capital to the United States. US dollar is expected to appreciate, and all these will drive the economic recovery in the United States. As for the economy in Europe, although significant recovery is unlikely to happen in short term, the risk of a major economic downturn is out of the picture due to the support from the European Stability Mechanism, the worst of the European sovereign debt crisis is over, and the Euro economy is expected to recover slowly. Although emerging economies are expected to continue to be in difficult situations due to growing inflation pressure since the developed countries, such as the United States, continue their easing monetary policy, the PRC has a more optimistic outlook amongst other emerging economies due to its expected economic soft-landing resulted from its early economic transformation and urbanization.

All in all, although global economic growth remains slow, it may start to get out of the woods given the economic recovery of the United States, the turnaround in European sovereign debt crisis, as well as the soft-landing of the PRC’s economy. Regarding the markets’ development, the Group will continue to manage its portfolio in a cautious manner in order to provide substantial returns for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2012, the Group had cash and cash equivalents of HK\$50.93 million (30 June 2012: HK\$32.11 million). Majority of the cash and bank balances denominated in Hong Kong dollar and Renminbi which placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2012 was approximately 5,599% (30 June 2012: 5,397%), gearing ratio (calculated as the long term debt to the total shareholders’ equity) of the Group as at 31 December 2012 was approximately 28% (30 June 2012: nil).

The Group did not have any bank borrowing as at 31 December 2012 (30 June 2012: nil).

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2011: nil).

CAPITAL STRUCTURE

The Company has raised approximately HK\$107.96 million through issue of a total number of 240,000,000 ordinary shares at the subscription price of HK\$0.45 per subscription share to two independent investors on 31 August 2012. Details are set out in the announcement of the Company dated 18 July 2012.

The Company has raised approximately HK\$280 million by issuing convertible bond (the “**Convertible Bond**”) with a nominal value of HK\$280,000,000 on 27 December 2012. The Convertible Bond carries interest at a rate of 7% per annum payable by the Company on every six calendar months from the issue date. The bond is convertible at the option of bondholders into fully paid ordinary shares with a par value of HK\$0.01 each of the Company at an initial conversion price of HK\$0.50 per share, which is subject to adjustment upon occurrence of certain events subsequently, on any business day from the issue date up to the maturity date. Details are set out in the announcement of the Company dated 20 November 2012.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions, the Board considers that the Group’s exposure to fluctuation in exchange rates was insignificant.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had 24 employees (including Directors). The total staff cost (including Directors’ remuneration) of the Group for the Period was HK\$8.68 million (2011: HK\$9.82 million). The remuneration package of the employees is determined by various factors including the employees’ experience and performance, the market condition, industry practice and applicable employment law.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Period.

CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to shareholders. During the six months ended 31 December 2012, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Since the resignation of Mr. Liu Baorui as chief executive officer on 11 January 2013, the Company does not at present have chief executive officer and is in the process of identifying suitable candidate to fill the vacancy of chief executive officer.

In respect of the code provision A.6.7 of the CG Code, Mr. Wan Hongchun, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 22 November 2012 due to his business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all Directors of the Company, the Directors have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 31 December 2012.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors namely, Dr. Cheung Wai Bun Charles (*chairman of the Audit Committee*), Mr. Wan Hongchun and Mr. Zeng Xianggao. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim consolidated financial statements for the six months ended 31 December 2012.

On behalf of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman

Hong Kong, 26 February 2013

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