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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)

SUBSCRIPTION OF NEW SHARES

On 15 December 2011 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, 304,950,000 Shares at the Subscription Price of HK\$0.45 per Subscription Share.

The Subscription Price of HK\$0.45 per Subscription Share represents: (i) a discount of approximately 9.09% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 15 December 2011, being the closing price on the date of the Subscription Agreement; and (ii) a discount of approximately 9.82% to the average of the closing prices of HK\$0.499 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the liquidity and the recent trading performance of the Shares.

The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent approximately 7.42% of the existing issued share capital of the Company and approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription of approximately HK\$137 million will be applied for the Company's investment in small loan and guarantee companies in the PRC.

THE SUBSCRIPTION

The Subscription Agreement

Date: 15 December 2011

Parties: (i) the Company; and
(ii) the Subscriber

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Number of Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe in cash of HK\$137,227,500 for a total of 304,950,000 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share. The 304,950,000 Subscription Shares represent approximately 7.42% of the existing issued share capital of the Company and approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.45 per Subscription Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 15 December 2011, being the closing price on the date of the Subscription Agreement; and
- (ii) a discount of approximately 9.82% to the average of the closing prices of HK\$0.499 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The net Subscription Price, (after deduction of relevant expenses including but not limited to legal expenses and disbursements) of approximately HK\$137 million, is estimated to be approximately HK\$0.449 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the liquidity and the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition of the Subscription

The Subscription is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

In the event that the condition of the Subscription is not fulfilled on or before 20 January 2012 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place at 4:00 p.m. on the third Business Days after the condition of the Subscription is fulfilled (or such other date as may be agreed between the parties of the Subscription Agreement).

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

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

The Subscription 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 734,956,806 Shares. A total of 430,000,000 Shares have been allotted and issued under the General Mandate pursuant to three subscription agreements dated 29 March 2011 and one subscription agreement dated 20 May 2011 respectively. As at the date of this announcement, 304,956,806 Shares under the General Mandate have not yet been utilised. The General Mandate is sufficient for the issue and allotment of the Subscription Shares. The 304,950,000 Subscription Shares constitutes approximately 99.998% of the unused General Mandate.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENTS

The Company is an investment holding company and its principal subsidiaries are engaged in the holding of equity or equity-related investments.

Since the fourth quarter in 2010, the Company has commenced its investments in the financial industry in the PRC, in particular, the Company has entered into a couple of agreements in relation to the formation of joint venture of guarantee companies and/or the small loan companies in the PRC. Of which six of the formation of joint ventures have been completed. As at the date of this announcement, the establishments of another six joint ventures have not yet been completed. The Company is required to inject further fund of approximately RMB300 million to those joint ventures. The Directors consider that it is in the interest of the Company and its Shareholders as a whole to strengthen its financial position by entering into the Subscription Agreement, which will enable the Company to expand its capital base and finance those joint ventures.

The gross proceeds of the Subscription is HK\$137.2275 million. All the net proceeds of the Subscription of approximately HK\$137 million will be applied for the Company's investment in small loan and guarantee companies in the PRC. The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position and shareholder base of the Group.

CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription are as follows:

	As at the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription	
	<i>approximate</i> No. of Shares	%	<i>approximate</i> No. of Shares	%
Rightfirst Holdings Limited (<i>note 1</i>)	633,634,830	15.42	633,634,830	14.35
Du Lin Dong (“ Mr. Du ”) (<i>note 1 and 2</i>)	50,330,000	1.22	50,330,000	1.14
Cheung Wai Bun Charles (<i>note 2</i>)	3,900,000	0.10	3,900,000	0.09
Ma Jie (<i>note 2</i>)	6,000,000	0.15	6,000,000	0.14
Ding Xiaobin (<i>note 2</i>)	500,000	0.01	500,000	0.01
The Subscriber	–	–	304,950,000	6.91
Other public shareholders (excluding the Subscriber)	3,415,019,200	83.10	3,415,019,200	77.36
Total	<u>4,109,384,030</u>	<u>100.00</u>	<u>4,414,334,030</u>	<u>100.00</u>

Notes:

1. The entire issued capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du. Mr. Du is deemed to be interested in the 633,634,830 Shares held by Rightfirst Holdings Limited.
2. Mr. Du, Dr. Cheung Wai Bun Charles, Mr. Ma Jie and Mr Ding Xiaobin are Directors.

As at the date of this announcement, the Company has a total of 83,300,000 outstanding share options which entitles the holder of the share option to subscribe for 83,300,000 Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Event	Estimated net proceeds	Intended use of proceeds	Actual use of proceeds
30 March 2011	Subscription of 370,000,000 Shares at the subscription price of HK\$0.5 per Share	HK\$184.8 million	applied for potential investments	<ul style="list-style-type: none"> • approximately HK\$161.2 million used as intended • approximately HK\$13.4 million has been invested in the listed securities in Hong Kong under the short term treasury policy of the Company • the remaining approximately HK\$10.2 million has been deposited in saving account of the Company
20 May 2011	Subscription of 60,000,000 Shares at the subscription price of HK\$0.5 per Share	HK\$29.8 million	applied for potential investments	<ul style="list-style-type: none"> • approximately HK\$29.8 million has been deposited in saving account of the Company

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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates” has the meaning ascribed to this term under the Listing Rules

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Financial International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with 734,956,806 Shares at the special general meeting of the Company held on 3 March 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Zhang Xinmiao, an Independent Third Party
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 15 December 2011 and entered into among the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.45 per Subscription Share
“Subscription Shares”	304,950,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 December 2011

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.