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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 ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Financial International Investments Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2013 (the “**Year**”) together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	5	7,204	9,137
Other income	5	13	2,458
Net change in fair value of financial assets at fair value through profit or loss	6	5,609	(37,039)
Impairment loss of available-for-sale financial assets		(7,474)	–
Finance costs	7	(12,953)	–
Administrative expenses		(30,316)	(37,621)
Share of profit of an associate		53	138
Loss before tax	8	(37,864)	(62,927)
Income tax expense	9	(5,658)	(732)
Loss for the year		(43,522)	(63,659)

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
OTHER COMPREHENSIVE INCOME			
Available-for-sale financial assets:			
Change in fair value of available-for-sale financial assets		18,155	11,528
Reclassification adjustment for loss included in profit or loss			
– Impairment loss		7,474	–
Income tax effect		(1,735)	(1,645)
		23,894	9,883
Exchange differences on translation of financial statements of overseas subsidiaries		373	124
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		24,267	10,007
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		(19,255)	(53,652)
Loss per share attributable to ordinary equity holders of the Company			
– Basic	10(a)	<u>(0.942) cents</u>	<u>(1.499) cents</u>
– Diluted	10(b)	<u>(0.942) cents</u>	<u>(1.499) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,511	3,872
Interest in an associate		461	407
Available-for-sale financial assets		400,872	334,027
Financial assets at fair value through profit or loss		639,310	213,581
Other receivable		<u>40,606</u>	<u>10,000</u>
Total non-current assets		<u>1,082,760</u>	<u>561,887</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		176,758	227,350
Loan receivable		–	35,894
Prepayments, deposits and other receivables		27,659	53,075
Cash and cash equivalents		<u>7,944</u>	<u>32,110</u>
Total current assets		<u>212,361</u>	<u>348,429</u>
CURRENT LIABILITIES			
Other payables and accruals		1,664	1,164
Due to a related company		7	950
Due to an associate		111	143
Tax payable		<u>4,199</u>	<u>4,199</u>
Total current liabilities		<u>5,981</u>	<u>6,456</u>
NET CURRENT ASSETS		<u>206,380</u>	<u>341,973</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,289,140</u>	<u>903,860</u>
NON-CURRENT LIABILITIES			
Interest bearing loan		9,979	–
Convertible bond		273,707	–
Deferred tax liabilities		<u>10,841</u>	<u>3,448</u>
		<u>294,527</u>	<u>3,448</u>
Net assets		<u><u>994,613</u></u>	<u><u>900,412</u></u>
EQUITY			
Issued capital		46,599	44,179
Reserves		<u>948,014</u>	<u>856,233</u>
TOTAL EQUITY		<u><u>994,613</u></u>	<u><u>900,412</u></u>
Net asset value per share	11	<u><u>21.3 cents</u></u>	<u><u>20.4 cents</u></u>

NOTES

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which have been measured at fair values. These 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 POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
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HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>
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The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

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 these financial statements.

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

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

² Effective for annual periods beginning on or after 1 January 2014

³ 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 year 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 year presented is restated to reflect the new segmentation basis adopted by management.

Segment results

	Micro-loan service HK\$'000	Real estates HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 30 June 2013				
Segment results	<u>59,802</u>	<u>(38,852)</u>	<u>(15,611)</u>	5,339
Share of profit of an associate				53
Unallocated income				13
Unallocated expenses				<u>(43,269)</u>
Loss before tax				(37,864)
Income tax expense				<u>(5,658)</u>
Loss for the year				<u>(43,522)</u>
Year ended 30 June 2012				
Segment results	<u>15,142</u>	<u>(6,323)</u>	<u>(36,721)</u>	(27,902)
Share of profit of an associate				138
Unallocated income				2,458
Unallocated expenses				<u>(37,621)</u>
Loss before tax				(62,927)
Income tax expense				<u>(732)</u>
Loss for the year				<u>(63,659)</u>

Segment results represent loss on disposal of listed securities, fair value gain/(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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Micro-loan service	927,672	475,260
Real estates	145,694	184,546
Others	143,574	115,152
	<hr/>	<hr/>
Total segment assets	1,216,940	774,958
Unallocated assets	78,181	135,358
	<hr/>	<hr/>
	1,295,121	910,316
	<hr/> <hr/>	<hr/> <hr/>

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, interest in an associate, loan receivable, prepayments, deposits and other receivables, a deposit paid for an investment and cash and cash equivalents.

All liabilities as at 30 June 2013 and 30 June 2012 were 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. GAIN/(LOSS) ON INVESTMENTS

	Listed securities HK\$'000	Unlisted investments HK\$'000	Total HK\$'000
Year ended 30 June 2013			
<i>Included in profit or loss:</i>			
Realised loss:			
Financial assets at FVTPL	(380)	–	(380)
Unrealised (loss)/gain:			
Financial assets at FVTPL	(50,733)	56,722	5,989
Impairment loss:			
Available-for-sale financial assets	–	(7,474)	(7,474)
Total realised and unrealised (loss)/gain included in profit or loss	(51,113)	49,248	(1,865)
<i>Included in other comprehensive income:</i>			
Unrealised gain:			
Available-for-sale financial assets	–	18,155	18,155
Total realised and unrealised (loss)/gain for the year	<u>(51,113)</u>	<u>67,403</u>	<u>16,290</u>
Year ended 30 June 2012			
<i>Included in profit or loss:</i>			
Realised loss:			
Financial assets at FVTPL	(7,428)	–	(7,428)
Unrealised (loss)/gain:			
Financial assets at FVTPL	(37,951)	8,340	(29,611)
Total realised and unrealised (loss)/gain included in profit or loss	(45,379)	8,340	(37,039)
<i>Included in other comprehensive income:</i>			
Unrealised gain:			
Available-for-sale financial assets	–	11,528	11,528
Total realised and unrealised (loss)/gain for the year	<u>(45,379)</u>	<u>19,868</u>	<u>(25,511)</u>

5. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue		
Dividend income from listed securities	1,811	2,336
Dividend income from unlisted investments, net of withholding tax	5,393	6,801
	<u>7,204</u>	<u>9,137</u>
Other income		
Bank interest income	8	14
Interest income from a loan receivable	–	2,407
Miscellaneous	5	37
	<u>13</u>	<u>2,458</u>

The Group's turnover comprises of sales proceeds from disposal of investments amounting to HK\$180,000 (2012: HK\$222,376,000) and the dividend income of HK\$7,204,000 (2012: HK\$9,137,000) for the year.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net realised loss on financial assets at FVTPL	(380)	(7,428)
Net unrealised gain/(loss) on financial assets at FVTPL	5,989	(29,611)
	<u>5,609</u>	<u>(37,039)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on convertible bond wholly repayable within five years	11,101	–
Interest on other loans	1,852	–
	<u>12,953</u>	<u>–</u>

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	555	434
– non-audit services	131	166
Custodian fees	144	178
Depreciation	1,750	1,789
Investment management fees	1,246	1,305
Gain on disposal of property, plant and equipment	(185)	–
Minimum operating lease payments in respect of properties	3,397	3,353
Staff costs, excluding directors' remuneration		
Salaries and wages	10,711	9,715
Pension scheme contributions	59	47
Equity-settled share option (credits)/expenses	(243)	1,401
Foreign exchange differences, net	62	176
	<u>5,658</u>	<u>732</u>

9. INCOME TAX EXPENSE

Income tax in the financial statements represents:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
– Underprovision in prior years	–	104
– Provision for the year	–	125
Deferred tax	5,658	503
	<u>5,658</u>	<u>732</u>
Total tax charge for the year	<u>5,658</u>	<u>732</u>

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for both years ended 30 June 2013 and 2012.

The last year's provision for the PRC Enterprise Income Tax for the Group's subsidiary in the People's Republic of China ("the PRC") is based on a statutory rate of 25% (2012: 25%) of the assessable profit as determined in accordance with the relevant tax rules and regulations of the PRC. The Group's PRC subsidiaries had no assessable profit for the year.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of HK\$43,522,000 (2012: HK\$63,659,000) and the weighted average number of 4,617,839,000 (2012: 4,246,804,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	Number	Number
	of shares	of shares
	'000	'000
Issued ordinary shares	4,417,834	4,109,384
Effect of exercise of share options	115	1,237
Effect of share placing	199,890	136,183
	<hr/>	<hr/>
Weighted average number of ordinary shares	<u>4,617,839</u>	<u>4,246,804</u>

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 30 June 2013 and 2012 in respect of a dilution as the share options granted under the share option scheme outstanding had an anti-dilutive effect on the basic loss per share amount presented.

11. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of the Group as at 30 June 2013 of HK\$994,613,000 (2012: HK\$900,412,000) and on 4,659,834,000 ordinary shares being in issue as at 30 June 2013 (2012: 4,417,834,000 ordinary shares).

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 during the Year.

During the Year, a net loss for the Year attributable to ordinary equity shareholders of the Company (the “**Shareholders**”) amounted to HK\$43.52 million as compared to HK\$63.66 million in last year, representing a 31.64% decrease in the net loss for the 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 (i) unrealised losses on listed securities at fair value through profit or loss; (ii) the decrease in the dividend income of investments and other income; (iii) impairment loss of an unlisted investment in investment consultation services classified as available-for-sale financial asset; and (iv) finance cost of the convertible bond. The basic loss per share was HK0.942 cents (2012: HK1.499 cents).

During the year, dividend income from investments decreased by 21.23% to HK\$7.20 million as compared to HK\$9.14 million in last year. The other income which comprised interest income and miscellaneous was HK\$0.01 million, representing a decrease of 99.59% as compared to HK\$2.46 million in last year. Administrative expenses decreased by 19.40% from HK\$37.62 million in last year to HK\$30.32 million this year due to effective cost control of the Group.

LISTED INVESTMENT REVIEW

The proposal to exit quantitative easing monetary policy in the United States and slow global economic growth have contributed to uncertainties in the securities markets. Under such adverse economic conditions, the market value of the Group’s listed securities portfolio had declined with total realised and unrealised losses on listed securities of HK\$51.11 million (2012: HK\$45.38 million). In addition, the dividend income from listed investments decreased 22.65% to HK\$1.81 million as compared to HK\$2.34 million in last year.

As at 30 June 2013, the market value of the listed securities amounted to HK\$173.31 million (2012: HK\$224.04 million), all the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	% of equity interest	Market value at 30 June 2013 HK\$'000	Dividend income HK\$'000
VODone Limited	Tele-media, lottery-related and mobile games business in the PRC	11,944,000	0.38	6,450	561
Hidili Industry International Development Limited	Coal mining, manufacture and sale of coke and clean coal and provision of transportation	15,009,000	0.72	21,163	1,250
China Water Property Group Limited	Property development and property investment businesses in the PRC	194,259,429	10.45	145,694	–
				173,307	1,811

UNLISTED INVESTMENT REVIEW

Our investments in small loan companies have covered various provinces and cities in the PRC in last 3 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 edge 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.

For the year ended 30 June 2013, the gain on the Group's unlisted investment portfolio recorded as HK\$67.40 million (2012: HK\$19.87 million). The gain was mainly attributable to the increase in fair value of small loan companies and a guarantee company. During the Year, the dividend income from the unlisted investments in small loan companies recorded as HK\$5.39 million (2012: HK\$6.80 million).

As at 30 June 2013, the fair value of the Group's unlisted investments amounted to HK\$1,043.63 million as compared to HK\$550.92 million in last year, representing a 89.43% increase.

Unlisted Investments Portfolio

Name of company	Location	Business nature	Cost HK\$'000	Fair value at 30 June 2013 HK\$'000	Dividend income HK\$'000
Micro-loan service					
1 Jingdezhen CFI Guosen Microfinance Co., Ltd.	Jingdezhen, Jiangxi Province	Provision of small loan and financial consultation services	188,690	201,906	–
2 TianJin XEDA Microfinance Co., Ltd.	Tianjin	Provision of small loan and financial consultation services	72,450	87,084	–
3 Tianjin Rongshun Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	36,606	41,242	–
4 TIIC RongShun Micro-Loan Company Limited	Tianjin	Provision of small loan and financial consultation services	12,189	14,451	1,002
5 Zhengzhou Economic Technological Development Mingyang Micro-loan Limited	Zhengzhou, Henan Province	Provision of small loan and financial consultation services	35,549	39,000	–
6 Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	Provision of small loan and financial consultation services	36,693	44,858	–
7 Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	Donghu District, Nanchang, Jiangxi Province	Provision of small loan and financial consultation services	36,901	42,525	3,937
8 Tianjin Binlian Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	12,271	13,955	454
9 Nanjing NingGangRongTong Technology Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation services	36,870	38,568	–
10 Ezhou Zhongjinguotou Microfinance Limited	Ezhou, Hubei Province	Provision of small loan and financial consultation services	185,000	199,560	–
11 Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	Ziyang, Sichuan Province	Provision of small loan and financial consultation services	73,730	82,862	–

Name of company	Location	Business nature	Cost HK\$'000	Fair value at 30 June 2013 HK\$'000	Dividend income HK\$'000
12 Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation services	36,673	41,136	–
13 Tianjin Zhongjinxinke Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	36,710	40,309	–
14 Tianjin Rongyang Micro-Loan Limited	Tianjin	Provision of small loan and financial consultation services	36,741	40,216	–
		Sub-total:	837,073	927,672	5,393
Guarantee service					
15 Jiangxi Zhongjin Hanchen Guarantee Company Limited	Nanchang, Jiangxi Province	Provision of financing guarantees to small and medium enterprises (the “SMEs”)	43,150	50,300	–
		Sub-total:	880,223	977,972	5,393
Investment and management consultation service					
16 Shenzhen Zhongtouxin Asset Management Company Limited	Shenzhen, Guangdong Province	Provision of consultation services on project investments	18,350	10,876	–
17 Xi'an Kairong Investment Management Limited	Xi'an, Shaanxi Province	Provision of financing management services	18,724	21,037	–
18 Zhenjiang Financial Industry Development Limited	Zhenjiang, Jiangsu Province	Provision of financing management services	18,591	18,591	–
		Sub-total:	55,665	50,504	–
Information system service and mining					
19 Globe Capital Resources Investment Limited	British Virgin Islands	Investment holding	–	15,157	–
		Total:	<u>935,888</u>	<u>1,043,633</u>	<u>5,393</u>

Micro-loan service

- (1) The Company holds a 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 SMEs, rural sector (farmers, villages and agricultural industry) and 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 holds a 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 holds a 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 holds a 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 a 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 Group’s PRC legal advisers, the Directors are of the opinion that the Group has beneficial interests on this 30% equity interest of Zhengzhou Mingyang upon settlement of the full considerations.

Please also refer to paragraph (c) under the heading “Events after reporting period” set out below.

- (6) The Company holds a 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 holds a 30% equity interest of Nanchang Donghu Zhongjincaixin Microfinance Co., Limited. It is principally engaged in the provision of rapid and nimble small loans, and enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and individually-owned businesses in Donghu District, Nanchang, Jiangxi Province, the PRC.
- (8) The Company holds a 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 holds a 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) financing guarantee to technology enterprises, SMEs and sole proprietors; and (iii) investing in equity interest of (up to 30% of the total amount of 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 holds a 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 sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Ezhou, Hubei Province, the PRC.
- (11) The Company holds a 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 holds a 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 holds a 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 holds a 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 holds a 30% equity interest of 江西中金漢辰擔保有限公司 (transliterated as Jiangxi Zhongjin Hanchen Guarantee Company Limited (“**Jiangxi Zhongjin**”). It is principally engaged in the provision of financing guarantees to SMEs and assists such enterprises in obtaining loans from financial institutions in Jiangxi Province, the PRC.

The name of Jiangxi Zhongjin has been changed to Jiangxi Huazhang Hanchen Guarantee Group Company Limited with effect from 30 July 2013.

Investment consultation service

- (16) The Company holds a 30% equity interest of 深圳市中投金信資產管理有限公司 (transliterated as Shenzhen Zhongtouxin 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 holds a 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 financial management services to SMEs in Xi’an Economic Development Zone, Shaanxi Province, the PRC.
- (18) the Group holds a 30% equity interest of Zhenjiang Financial Industry Development Limited. It is principally engaged in the provision of financial management services to SMEs in Zhenjiang, Jiangsu Province, the PRC.

Information system service and mining

- (19) The Company holds a 30% equity interest in Globe Capital Resources Investment Limited. It is principally engaged in investment holding and has two investments with a 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 a 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 forward, the global economic environment will continue to be uncertain due to various factors including concerns over the sluggish economic recovery in the United States and Europe. Despite uncertain economic environments, the demand for integrated financial service platforms is expected to continue to grow in the PRC. Given that the financial service industry will remain buoyant, to achieve a stable growth in the future, the Group will continue to invest in financial service industry in the PRC. At the same time, the Group will continue to explore potential investment opportunities including new technology, new energy and new industries, in order to provide a better return for the Shareholders.

As we continue our journey of transformation with a clear strategy and persistence to strive for our long term vision, we also understand that successful transformation will take time, efforts and concentration. We remain excited about the prospect and opportunities ahead. With our collaborative and professional management team and determination to succeed, we will continue to utilize our competitive advantage and strive for the business excellence to maximize the value of our Shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 June 2013, the Group had cash and cash equivalents of HK\$7.94 million (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 30 June 2013 was approximately 35.51 times (2012: 53.97 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders' equity) of the Group as at 30 June 2013 was approximately 28.52% (2012: Nil).

The Group did not have any bank borrowing as at 30 June 2013 (2012: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2012: Nil).

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any significant contingent liabilities (2012: 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\$279.91 million by issuing a convertible bond with a nominal value of HK\$280 million on 27 December 2012. The convertible bond carries interest at a rate of 7% per annum payable by the Company every six calendar months from the issue date. The bond is convertible at the option of the bondholder 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.

The Company has issued 2,000,000 ordinary shares with par value of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.05 per share during the Year.

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 30 June 2013, the Group had 19 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Year was HK\$16.10 million (2012: HK\$23.34 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 Year.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company is principally responsible for reviewing and supervising the Group’s financial reporting process and internal control system and providing advice and recommendations to the Board. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has met with the external auditors of the Group to review the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this announcement and financial statements of the Group for the year ended 30 June 2013.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the Shareholders’ value.

During the Year, the Company has applied the principles and complied with the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) , saved for the deviations discussed below:

- (1) 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; and
- (2) under the code provision A.6.7 of the CG Code, Mr. Wan Hongchun, an independent non-executive Director, was unable to attend the Company’s annual general meeting held on 22 November 2012 due to his business engagement.

DIRECTORS’ SECURITIES TRANSACTION

The Company has adopted the model code for securities transactions by directors of listed issuers (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 by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Year.

EVENTS AFTER REPORTING PERIOD

- (a) On 3 July 2013, the Company entered into the placing agreement with Fortune (HK) Securities Limited pursuant to which Fortune (HK) Securities Limited agreed to act as placing agent, on a best effort basis, for the purpose of procuring independent subscribers to subscribe in cash for the bonds in an aggregate principal amount of up to HK\$50 million. Subsequent to the year ended 30 June 2013 and up to the date of this announcement, a bond with an amount of HK\$10 million was placed with an independent third party.
- (b) Subsequent to the year ended 30 June 2013 and up to the date of this announcement, the Company has entered into subscription agreements with independent third parties to issue bonds with a total amount of HK\$20 million.
- (c) On 13 September 2013, the Group entered into agreements with independent third parties to dispose of the 30% equity interest in Zhengzhou Mingyang for a cash consideration of HK\$39 million.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES

This results announcement is published on the websites of the Company (<http://www.irasia.com/listco/hk/cfii/index.htm>) and the Stock Exchange (www.hkex.com.hk). The annual report will be dispatched to the Shareholders and made available on the above websites as soon as practicable.

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

Hong Kong, 27 September 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. Wang Dehe, 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.