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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 2013**

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 2013 as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 December 2013*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2013</b>	<b>2012</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	3,163	1,811
Other income and gains	5	796	10
Net change in fair value of financial assets			
at fair value through profit or loss	6	(8,110)	(35,333)
Impairment loss of available-for-sale			
financial assets		(1,430)	(6,200)
Finance costs	7	(12,037)	(530)
Administrative expenses		(12,997)	(16,605)
Share of profit of an associate		3	37
		<hr/>	<hr/>
Loss before tax	8	(30,612)	(56,810)
Income tax expense	9	(624)	(2,658)
		<hr/>	<hr/>
Loss for the period		<b>(31,236)</b>	<b>(59,468)</b>

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2013</b>	<b>2012</b>
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
	Change in fair value of available-for-sale financial assets	(5,772)	17,609
	Reclassification adjustment for loss included in the statement of profit or loss		
	– Impairment loss	<u>1,430</u>	<u>6,200</u>
		(4,342)	23,809
	Exchange differences on translation of financial statements of overseas subsidiaries	<u>(780)</u>	<u>242</u>
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(5,122)	24,051
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
	Income tax effect	<u>159</u>	<u>(1,552)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b><u>(4,963)</u></b>	<b><u>22,499</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>(36,199)</u></b>	<b><u>(36,969)</u></b>
Loss per share attributable to ordinary equity holders of the Company			
Basic	<i>11(a)</i>	<b><u>(0.67) cents</u></b>	<b><u>(1.30) cents</u></b>
Diluted	<i>11(b)</i>	<b><u>(0.67) cents</u></b>	<b><u>(1.30) cents</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	<i>Notes</i>	<b>Unaudited 31 December 2013 HK\$'000</b>	Audited 30 June 2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		631	1,511
Interest in an associate		464	461
Available-for-sale financial assets		359,551	400,872
Financial assets at fair value through profit or loss		702,423	639,310
Other receivable		25,606	40,606
		<u>1,088,675</u>	<u>1,082,760</u>
<b>TOTAL non-current assets</b>			
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		139,171	176,758
Prepayments, deposits and other receivables		63,966	27,659
Cash and cash equivalents		12,919	7,944
		<u>216,056</u>	<u>212,361</u>
<b>TOTAL current assets</b>			
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		2,189	1,664
Due to a related company		–	7
Due to an associate		89	111
Tax payable		4,199	4,199
		<u>6,477</u>	<u>5,981</u>
<b>TOTAL current liabilities</b>			
<b>NET CURRENT ASSETS</b>		<u>209,579</u>	<u>206,380</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,298,254</u>	<u>1,289,140</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans		52,976	9,979
Convertible bond		275,265	273,707
Deferred tax liabilities		11,306	10,841
		<u>339,547</u>	<u>294,527</u>
<b>Net assets</b>		<u>958,707</u>	<u>994,613</u>
<b>EQUITY</b>			
Issued capital		46,607	46,599
Reserves		912,100	948,014
<b>TOTAL EQUITY</b>		<u>958,707</u>	<u>994,613</u>
Net asset value per share	12	<u>20.6 cents</u>	<u>21.3 cents</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2013*

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2013 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 (“FVTPL”) 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 2013, except for the adoption to the following standards or interpretations as of 1 July 2013 as noted below:

HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments</i> : <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements</i> – <i>Presentation of Items of Other Comprehensive Income</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>

The principal effects of adopting these new and revised HKFRSs are as follows:

HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 31 December 2013.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time are presented separately from items which will never be reclassified. The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> <sup>1</sup>
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits</i> – <i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC)-Int 21	<i>Levies</i> <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2014*

<sup>2</sup> *No mandatory effective date yet determined but is available for adoption*

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 and HKFRS 12 and, 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 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.

#### Segment results

##### *Six months ended 31 December 2013*

	<b>Unaudited Micro-loan service HK\$'000</b>	<b>Unaudited Real estates HK\$'000</b>	<b>Unaudited Others HK\$'000</b>	<b>Unaudited Total HK\$'000</b>
Segment results	<u>8,540</u>	<u>(14,236)</u>	<u>(681)</u>	(6,377)
Share of profit of an associate				3
Unallocated income and gains				796
Unallocated expenses				<u>(25,034)</u>
Loss before tax				(30,612)
Income tax expense				<u>(624)</u>
Loss for the period				<u>(31,236)</u>

##### *Six months ended 31 December 2012*

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>

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:

	<b>Unaudited</b> <b>31 December</b> <b>2013</b> <b>HK\$'000</b>	Audited 30 June 2013 HK\$'000
Micro-loan service	953,338	927,672
Real estates	124,576	145,694
Others	<u>123,231</u>	<u>143,574</u>
Total segment assets	<b>1,201,145</b>	1,216,940
Unallocated assets	<u>103,586</u>	<u>78,181</u>
	<b><u>1,304,731</u></b>	<b><u>1,295,121</u></b>

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 31 December 2013 and 30 June 2013 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. (LOSS)/GAIN ON INVESTMENTS

	Unaudited Listed securities HK\$'000	Unaudited Unlisted investments HK\$'000	Unaudited Total HK\$'000
<b><i>Six months ended 31 December 2013</i></b>			
<i>Included in profit or loss:</i>			
Realised (loss)/gain:			
Financial assets at FVTPL	(14,858)	3,451	(11,407)
Unrealised gain:			
Financial assets at FVTPL	509	2,788	3,297
Impairment loss:			
Available-for-sale financial assets	—	(1,430)	(1,430)
Total realised and unrealised (loss)/gain included in profit or loss	(14,349)	4,809	(9,540)
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	—	(4,342)	(4,342)
Total realised and unrealised (loss)/gain for the period	<u>(14,349)</u>	<u>467</u>	<u>(13,882)</u>
<b><i>Six months ended 31 December 2012</i></b>			
<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	<u>(66,734)</u>	<u>49,010</u>	<u>(17,724)</u>



## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

		Unaudited	
		Six months ended	
		31 December	
		2013	2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>			
Dividend income from listed securities		–	1,811
Dividend income from unlisted investments		<u>3,163</u>	<u>–</u>
		<u><b>3,163</b></u>	<u><b>1,811</b></u>
<b>OTHER INCOME AND GAINS</b>			
Bank interest income		8	5
Miscellaneous		2	5
Exchange gain on dissolution of a subsidiary	13	<u>786</u>	<u>–</u>
		<u><b>796</b></u>	<u><b>10</b></u>

The Group's turnover comprises of sales proceeds from disposal of investments amounting to HK\$65,525,000 (2012: Nil) and the dividend income of HK\$3,163,000 (2012: HK\$1,811,000) for the period.

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

		Unaudited	
		Six months ended	
		31 December	
		2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised loss on financial assets at FVTPL		(11,407)	–
Net unrealised gain/(loss) on financial assets at FVTPL		<u>3,297</u>	<u>(35,333)</u>
		<u><b>(8,110)</b></u>	<u><b>(35,333)</b></u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 31 December	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on convertible bond wholly repayable within five years	11,089	293
Interest on other loans	948	237
	<u>12,037</u>	<u>530</u>

## 8. LOSS BEFORE TAX

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

	Unaudited Six months ended 31 December	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Custodian fee	80	72
Depreciation	582	911
Investment management fee	563	641
Loss on disposal of items of property, plant and equipment	300	–
Minimum operating lease payments in respect of properties	1,208	1,694
Staff costs, including directors' remuneration:		
Salaries and wages	6,151	8,339
Pension scheme contributions	67	49
Equity-settled share option expenses	253	294
	<u>12,037</u>	<u>12,037</u>

## 9. INCOME TAX

	Unaudited	
	Six months ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Deferred tax	<u>624</u>	<u>2,658</u>
Total tax charge for the period	<u><u>624</u></u>	<u><u>2,658</u></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 periods ended 31 December 2013 and 2012.

## 10. DIVIDEND

The directors did not recommend payment of interim dividend for the six months ended 31 December 2013 (31 December 2012: Nil).

## 11. 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 2013 of HK\$31,236,000 (2012: HK\$59,468,000) and the weighted average number of ordinary shares of 4,659,970,000 (2012: 4,578,269,000) 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 2013 and 31 December 2012 in respect of a dilution as the impact of the share options granted under the share option scheme outstanding and the convertible bond had an anti-dilutive effect on the basic loss per share amounts presented.

## 12. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of the Group as at 31 December 2013 of HK\$958,707,000 (30 June 2013: HK\$994,613,000) and on 4,660,634,000 ordinary shares being in issue as at 31 December 2013 (30 June 2013: 4,659,834,000 ordinary shares).

## 13. DISSOLUTION OF A SUBSIDIARY

Zhongkang Jinyi Technology (Shenzhen) Limited, a subsidiary established in the People's Republic of China, which has been inactive, was dissolved on 21 November 2013. The exchange gain on dissolution of a subsidiary was HK\$786,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

China Financial International Investments Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are 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\$31.24 million for the six months ended 31 December 2013 (the “**Period**”), decreased 47.47% compared to the loss of HK\$59.47 million for the same period last year. The loss was mainly due to (i) realised loss on listed securities at fair value through profit or loss; and (ii) finance cost of the convertible bond and bonds.

### Listed investment review

During the Period, the Group recorded a loss of HK\$14.35 million (2012: HK\$66.73 million) in respect of listed securities business, which comprised realised loss of HK\$14.86 million (2012: Nil) and unrealised profit of HK\$0.51 million (2012: unrealised loss of HK\$66.73 million). No dividend from listed investments was received (2012: HK\$1.81 million) during the Period.

During the Period, all the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2013, the market value of the listed securities amounted to HK\$139.17 million (30 June 2013: HK\$173.31 million).

### Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	% of equity interest	Market value at 31 December 2013 HK\$'000	Dividend income HK\$'000
Hidili Industry International Development Limited	Coal mining, manufacture and sale of coke and clean coal and provision of transportation	12,369,000	0.60	14,595	–
China Water Property Group Limited	Property development and property investment businesses	183,199,429	9.86	124,576	–
				<u>139,171</u>	<u>–</u>

## Unlisted investment review

For the period ended 31 December 2013, the gain on the Group's unlisted investment portfolio recorded as HK\$0.47 million (2012: HK\$49.01 million). The gain was mainly attributable to the increase in fair value of small loan companies and a guarantee company. During the Period, the dividend income from the unlisted investments in small loan companies recorded as HK\$3.16 million (2012: Nil).

As at 31 December 2013, the fair value of the Group's unlisted investments, amounted to HK\$1,061.97 million (30 June 2013: HK\$1,043.63 million).

### *Unlisted Investments Portfolio*

Name of company	Location	Business nature	Fair value at 31 December 2013 HK\$'000	Dividend income HK\$'000
<b>Micro-loan service</b>				
1 Jingdezhen CFI Guosen Microfinance Co., Ltd.	Jingdezhen, Jiangxi Province	Provision of small loan and financial consultation services	199,735	–
2 TianJin XEDA Microfinance Co., Ltd.	Tianjin	Provision of small loan and financial consultation services	91,671	–
3 Tianjin Rongshun Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	43,937	–
4 THC RongShun Micro-Loan Company Limited	Tianjin	Provision of small loan and financial consultation services	15,088	3,163
5 Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	Provision of small loan and financial consultation services	45,572	–
6 Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	Donghu District, Nanchang, Jiangxi Province	Provision of small loan and financial consultation services	42,387	–
7 Tianjin Binlian Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	14,428	–
8 Nanjing NingGangRongTong Technology Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation services	37,415	–
9 Ezhou Zhongjinguotou Microfinance Limited	Ezhou, Hubei Province	Provision of small loan and financial consultation services	196,896	–
10 Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	Ziyang, Sichuan Province	Provision of small loan and financial consultation services	87,537	–

<b>Name of company</b>	<b>Location</b>	<b>Business nature</b>	<b>Fair value at 31 December 2013 HK\$'000</b>	<b>Dividend income HK\$'000</b>
11 Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	Provision of small loan and financial consultation service	41,968	–
12 Tianjin Zhongjinxinke Microfinance Limited	Tianjin	Provision of small loan and financial consultation services	39,981	–
13 Tianjin Rongyang Micro-Loan Limited	Tianjin	Provision of small loan and financial consultation services	39,849	–
14 Zhenjiang CFI Guosen Technology Microfinance Corporation Limited	Zhenjiang, Jiangsu Province	Provision of small loan and financial consultation service	56,874	–
		Sub-total:	953,338	3,163
<b>Guarantee service</b>				
15 Jiangxi Huazhang Hanchen Guarantee Group Company Limited	Nanchang, Jiangxi Province	Provision of financing guarantees to small and medium enterprises (the “SMEs”)	58,096	–
		Sub-total:	1,011,434	3,163
<b>Investment and management consultation service</b>				
16 Shenzhen Zhongtouxin Asset Management Company Limited	Shenzhen, Guangdong Province	Provision of consultation services on project investments	9,446	–
17 Xi'an Kairong Investment Management Limited	Xi'an, Shaanxi Province	Provision of financial management services	20,931	–
18 Zhenjiang Financial Industry Development Limited	Zhenjiang, Jiangsu Province	Provision of financial management services	19,559	–
		Sub-total:	49,936	–
<b>Information system service and mining</b>				
19 Globe Capital Resources Investment Limited	British Virgin Islands	Investment holding	603	–
		Total:	<u>1,061,973</u>	<u>3,163</u>

## **Micro-loan service**

Our investments in small loan companies have covered various provinces and cities in the People's Republic of China (the "PRC") in last three 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.

- (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 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.
- (6) 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.

- (7) 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.
- (8) The Company holds a 30% equity interest of Nanjing NingGangRongTong Technology Microfinance Co., Ltd. (“**NingGangRongTong**”). It is principally engaged in the 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.
- (9) 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.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.



- (14) The Company invested in a 30% equity interest of Zhenjiang CFI Guosen Technology Microfinance Corporation Limited. It is principally engaged in the provision of small loan and financial consultation services in Zhenjiang, Jiangsu Province, the PRC.

#### **Guarantee service**

- (15) The Company holds 7.2% equity interest of 江西華章漢辰擔保集團股份有限公司 (transliterated as Jiangxi Huazhang Hanchen Guarantee Group Company Limited (formerly known as Jiangxi Zhongjin Hanchen Guarantee Company Limited)). 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.

#### **Investment and management 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 which had 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**

The global economic growth will gradually accelerate in 2014. The growth of emerging economies is likely to be stronger, due to the increasing exports to the United States, Europe and the PRC. Despite the economic growth in the PRC seems to have been stabilized, the Group expects that the PRC government will continue to tighten its credit policies to control bank lending. To meet SMEs' short term to medium term financing needs, the demand for diversified financial services from our investee small loan companies and financial management services companies is expected to increase and this would be a solid foundation for our future growth.

Looking forward, the board will continue to evaluate the overall performance of the Group and business opportunities available in the market with the purpose of enhancing shareholders' value and strengthening the financial position of the Group.

## **MAJOR ACQUISITIONS AND DISPOSALS**

The major acquisitions and disposals of subsidiary or associate during the Period are set out in note 13 to the interim condensed consolidated financial statements.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING**

As at 31 December 2013, the Group had cash and cash equivalents of HK\$12.92 million (30 June 2013: HK\$7.94 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 2013 was approximately 33.36 times (30 June 2013: 35.51 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders' equity) of the Group as at 31 December 2013 was approximately 34.24% (30 June 2013: 28.52%).

The Group did not have any bank borrowing as at 31 December 2013 (30 June 2013: Nil).

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the Period (2012: Nil).

## **CAPITAL STRUCTURE**

The Company has issued 800,000 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 Period.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

Hong Kong dollar 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 2013, the Group had 20 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$6.47 million (2012: HK\$8.68 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 2013, the Company complied with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing Securities on the Stock Exchange (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. The Company did not have chief executive officer until on 8 October 2013, Mr. Du Lin Dong has resigned as the chairman of the Company and has been appointed as the chief executive officer of the Company; and Mr. Wang Dehe has been re-designated from the vice chairman to the chairman of the Company, the roles of chairman and chief executive are separated and performed by the different individual.

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 2013 due to his business engagement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Security Transactions by Director 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 Period.

## **AUDIT COMMITTEE**

The audit committee, comprising three independent non-executive Directors namely, Dr. Cheung Wai Bun Charles (chairman of the audit committee), Mr. Wan Hongchun and Mr. Zeng Xianggao, 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 Period before recommending them to the Board for approval.

## **REVIEW OF ACCOUNTS**

The external auditor has reviewed the interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **EVENTS AFTER REPORTING PERIOD**

Subsequent to the period ended 31 December 2013 and up to the date of this report, the Company has entered into subscription agreement with an independent third party to issue bond with a total amount of HK\$10 million.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITES**

The Group’s interim results will be included in the Company’s interim report for the six months period ended 31 December 2013 which will be published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) as well as the website of the Company (<http://www.irasia.com/listco/hk/cfii>) as soon as possible.

On behalf of the Board  
**China Financial International Investments Limited**  
**Wang Dehe**  
*Chairman*

Hong Kong, 26 February 2014

*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.*