

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2014**

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 2014 as follows:

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

*For the six months ended 31 December 2014*

		<b>Unaudited</b>	
		<b>Six months ended 31 December</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	–	3,163
Other income and gains	5	986	796
Net change in fair value of financial assets	6	40,018	(8,110)
Impairment loss of available-for-sale financial assets		–	(1,430)
Finance costs	7	(12,724)	(12,037)
Administrative expenses		(14,176)	(12,997)
Share of (loss)/profit of an associate		(10)	3
		<hr/>	<hr/>
Profit/(loss) before tax	8	14,094	(30,612)
Income tax credit/(expense)	9	212	(624)
		<hr/>	<hr/>
Profit/(loss) for the period		<b>14,306</b>	<b>(31,236)</b>
		<hr/> <hr/>	<hr/> <hr/>

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2014</b>	<b>2013</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	(12,447)	(5,772)
Reclassification adjustment for loss included in the profit or loss		
– Impairment loss	–	1,430
Income tax effect	<u>1,241</u>	<u>159</u>
	(11,206)	(4,183)
Exchange differences on translation of foreign operations	<u>666</u>	<u>(780)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(10,540)</u>	<u>(4,963)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>(10,540)</u></b>	<b><u>(4,963)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>3,766</u></b>	<b><u>(36,199)</u></b>
Earnings/(loss) per share attributable to ordinary equity holders of the Company		
– Basic	<i>11(a)</i> <b><u>HK0.31 cents</u></b>	<b><u>HK(0.67) cents</u></b>
– Diluted	<i>11(b)</i> <b><u>HK0.30 cents</u></b>	<b><u>HK(0.67) cents</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	<i>Note</i>	<b>Unaudited 31 December 2014 HK\$'000</b>	Audited 30 June 2014 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		159	206
Investment in an associate		419	429
Available-for-sale financial assets		91,483	335,770
Financial assets at fair value through profit or loss		<u>316,603</u>	<u>621,143</u>
Total non-current assets		<u>408,664</u>	<u>957,548</u>
<b>CURRENT ASSETS</b>			
Available-for-sale financial assets		231,840	–
Financial assets at fair value through profit or loss		463,249	99,663
Prepayments, deposits and other receivables		19,648	107,385
Cash and cash equivalents		<u>63,296</u>	<u>6,818</u>
Total current assets		<u>778,033</u>	<u>213,866</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		11,107	887
Due to an associate		95	64
Convertible bond		277,624	–
Tax payable		<u>4,199</u>	<u>4,199</u>
Total current liabilities		<u>293,025</u>	<u>5,150</u>
<b>NET CURRENT ASSETS</b>		<u>485,008</u>	<u>208,716</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>893,672</u>	<u>1,166,264</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans		62,978	62,965
Convertible bond		–	276,301
Deferred tax liabilities		<u>3,800</u>	<u>5,253</u>
		<u>66,778</u>	<u>344,519</u>
Net assets		<u><u>826,894</u></u>	<u><u>821,745</u></u>
<b>EQUITY</b>			
Issued capital		46,717	46,607
Reserves		<u>780,177</u>	<u>775,138</u>
<b>TOTAL EQUITY</b>		<u><u>826,894</u></u>	<u><u>821,745</u></u>
Net asset value per share	12	<u><u>HK17.70 cents</u></u>	<u><u>HK17.63 cents</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2014*

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2014 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 (the “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.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2014.

## 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 2014, except for the adoption to the following revised standards as of 1 July 2014 as noted below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition</i>
Amendments to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>

Other than explained below regarding the impact of amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), HKAS 32, and certain amendments included in *Annual Improvement 2010-2012 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

## **2.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED**

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>3</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2016.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2017.*

<sup>3</sup> *Effective for annual periods on or after 1 January 2018.*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 30 June 2015. The Group is in the process of making an assessment of the impact of these changes.

The Directors 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 and HKFRS 15, 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

	<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>
<b><i>Six months ended 31 December 2014</i></b>				
Segment results	<b><u>(11,507)</u></b>	<b><u>51,151</u></b>	<b><u>374</u></b>	<b>40,018</b>
Share of loss of an associate				<b>(10)</b>
Unallocated income and gains				<b>986</b>
Unallocated expenses				<b><u>(26,900)</u></b>
Profit before tax				<b>14,094</b>
Income tax credit				<b><u>212</u></b>
Profit for the period				<b><u>14,306</u></b>
<b><i>Six months ended 31 December 2013</i></b>				
Segment results	<b><u>8,540</u></b>	<b><u>(14,236)</u></b>	<b><u>(681)</u></b>	<b>(6,377)</b>
Share of profit of an associate				<b>3</b>
Unallocated income and gains				<b>796</b>
Unallocated expenses				<b><u>(25,034)</u></b>
Loss before tax				<b>(30,612)</b>
Income tax expense				<b><u>(624)</u></b>
Loss for the period				<b><u>(31,236)</u></b>

Segment results represent profit/(loss) on disposal of listed securities, gain on disposal of unlisted investments, fair value (loss)/gain on financial assets at FVTPL, impairment loss of available-for-sale financial assets and the corresponding dividend income earned from unlisted investments 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>2014</b> <b>HK\$'000</b>	Audited 30 June 2014 <i>HK\$'000</i>
Micro-loan service	<b>844,904</b>	854,663
Real estates	<b>139,683</b>	88,531
Others	<b>118,588</b>	113,382
	<hr/>	<hr/>
Total segment assets	<b>1,103,175</b>	1,056,576
Unallocated assets	<b>83,522</b>	114,838
	<hr/>	<hr/>
	<b>1,186,697</b>	1,171,414
	<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, investment in an associate, prepayments, deposits and other receivables and cash and cash equivalents.

All liabilities as at 31 December 2014 and 30 June 2014 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

	Unaudited Listed securities HK\$'000	Unaudited Unlisted investments HK\$'000	Unaudited Total HK\$'000
<b><i>Six months ended 31 December 2014</i></b>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale financial asset	–	2	2
Unrealised gain/(loss):			
Financial assets at FVTPL	<u>48,925</u>	<u>(8,909)</u>	<u>40,016</u>
Total realised and unrealised gain/(loss) included in profit or loss	<b>48,925</b>	<b>(8,907)</b>	<b>40,018</b>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	<u>–</u>	<u>(12,447)</u>	<u>(12,447)</u>
Total realised and unrealised gain/(loss) for the period	<u><b>48,925</b></u>	<u><b>(21,354)</b></u>	<u><b>27,571</b></u>
<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	<u>–</u>	<u>(1,430)</u>	<u>(1,430)</u>
Total realised and unrealised (loss)/gain included in profit or loss	<b>(14,349)</b>	<b>4,809</b>	<b>(9,540)</b>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	<u>–</u>	<u>(4,342)</u>	<u>(4,342)</u>
Total realised and unrealised (loss)/gain for the period	<u><b>(14,349)</b></u>	<u><b>467</b></u>	<u><b>(13,882)</b></u>



## 5. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited	
	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
<b>Revenue</b>		
Dividend income from unlisted investments	–	3,163
	<u>–</u>	<u>3,163</u>
<b>Other income and gains</b>		
Bank interest income	5	8
Exchange gains	981	786
Miscellaneous	–	2
	<u>986</u>	<u>796</u>

The Group's turnover represents sales proceeds from disposal of investments amounting to HK\$2,000 for the six months ended 31 December 2014. The Group's turnover for the six months ended 31 December 2013 comprised of sales proceeds from disposed of investment of HK\$65,525,000 and dividend income of HK\$3,163,000.

## 6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited	
	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Net unrealised gain on financial assets at FVTPL	40,016	3,297
Net realised gain on an available-for-sale financial asset	2	–
Net realised loss on financial assets at FVTPL	–	(11,407)
	<u>40,018</u>	<u>(8,110)</u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Interest on convertible bond wholly repayable within five years	11,123	11,089
Interest on other loans	1,601	948
	<u>12,724</u>	<u>12,037</u>

## 8. PROFIT/(LOSS) BEFORE TAX

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

	Unaudited	
	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Custodian fee	72	80
Depreciation	47	582
Investment management fee	508	563
Loss on disposal of items of property, plant and equipment	–	300
Minimum operating lease payments in respect of properties	662	1,208
Staff costs, including directors' remuneration:		
Salaries, wages and benefits in kind	6,202	6,151
Pension scheme contributions	70	67
Equity-settled share option expenses	1,285	253
	<u>1,285</u>	<u>253</u>

## 9. INCOME TAX

	Unaudited	
	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Deferred tax credit/(charge)	<u>212</u>	<u>(624)</u>
Total tax credit/(charge) for the period	<u>212</u>	<u>(624)</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 2014 and 2013.

## 10. DIVIDEND

The directors did not recommend payment of interim dividend for the six months ended 31 December 2014 (31 December 2013: Nil).

## **11. EARNINGS/(LOSS) PER SHARE**

### **(a) Basic earnings/(loss) per share**

The calculation of the basic earnings/(loss) per share is based on the profit for the six months ended 31 December 2014 of HK\$14,306,000 (2013: loss of HK\$31,236,000) and the weighted average number of ordinary shares of 4,665,357,000 (2013: 4,659,970,000) in issue during the period.

### **(b) Diluted earnings/(loss) per share**

The calculation of the diluted earnings per share is based on the profit of HK\$14,306,000 for the six months ended 31 December 2014. The weighted average number of ordinary shares used in the calculation is 4,665,357,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 182,468,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The diluted earnings per share amount is increased when taking the convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share.

No adjustment has been made to the basic loss per share presented for the six months ended 31 December 2013 in respect of a dilution as the convertible bond and the share options outstanding 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 2014 of HK\$826,894,000 (30 June 2014: HK\$821,745,000) and on 4,671,634,000 ordinary shares being in issue as at 31 December 2014 (30 June 2014: 4,660,634,000 ordinary shares).

## **13. ESTABLISHMENT/DISSOLUTION OF SUBSIDIARIES**

On 14 October 2014, the Company established 科逸(上海)投资有限公司 (transliterated as Keyi (Shanghai) Investments Limited), a wholly-foreign-owned subsidiary in Shanghai Free Trade Zone, the People's Republic of China (the "PRC") with a capital injection of HK\$60,000,000. It has not commenced its business during the period ended 31 December 2014.

Zhongkang Jinyi Technology (Shenzhen) Limited, a wholly-foreign-owned subsidiary registered under PRC law, 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 profit of HK\$14.31 million for the six months ended 31 December 2014 (the “**Period**”), as compared to the loss of HK\$31.24 million for the same period last year. The profit was mainly due to unrealised profit on investments in listed securities at fair value through profit or loss.

### Listed investment review

During the Period, the Group recorded a gain of HK\$48.93 million in respect of unrealised gain on listed securities business, while the Group recorded a loss of HK\$14.35 million for the same period last year, which comprised realised loss of HK\$14.86 million and unrealised gain of HK\$0.51 million. No dividend from listed investments was received for both periods ended 31 December 2014 and 2013.

During the Period, all the listed securities, which comprised 196,735,429 ordinary shares of China City Infrastructure Group Limited (formerly known as China Water Property Group Limited) and 12,369,000 ordinary shares of Hidili Industry International Development Limited, were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2014, the value of the listed securities based on recent transaction prices of disposal agreements was HK\$148.59 million (30 June 2014: market value of HK\$99.66 million). On 25 November 2014, the Company entered into disposal agreements to dispose all listed securities to independent third parties for a total cash consideration of HK\$148.59 million. As at the date of this announcement, the disposals have not been completed. The directors of the Company (the “**Directors**”) expect these disposal transactions will be completed within one year.

### Unlisted investment review

The Group’s unlisted investments are mainly concentrated in small loan companies and guarantee companies in the People’s Republic of China (the “**PRC**”). After several years of rapid development of the small loan industry in the PRC, operating environment begins to slip, the interest rate of private lending is gradually decreasing and the operation risks increase. As a result, certain small loan companies begin to generate bad loans and incur losses. For the six months ended 31 December 2014, the Group recorded a loss of HK\$21.35 million (2013: gain of HK\$0.47 million) on the unlisted investment portfolio. During the Period, no dividend income from the unlisted investments in small loan companies was received (2013: HK\$3.16 million).

The Group's unlisted investments decreased by 0.24% to HK\$954.59 million as at 31 December 2014 (30 June 2014: HK\$956.91 million), mainly attributable to the decrease in fair value of small loan companies and a guarantee company during the Period.

### *Unlisted Investments Portfolio*

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2014 HK\$'000
<b>Micro-loan service</b>					
1	Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(1) Jingdezhen, Jiangxi Province	30%	Provision of small loan and financial consultation services	188,690
2	TianJin XEDA Microfinance Co., Ltd.	Tianjin	30%	Provision of small loan and financial consultation services	84,940
3	Tianjin Rongshun Microfinance Limited	Tianjin	30%	Provision of small loan and financial consultation services	39,014
4	TIIC RongShun Micro-Loan Company Limited	Tianjin	10%	Provision of small loan and financial consultation services	14,878
5	Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	43,322
6	Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. ("Nanchang Donghu")	(2) Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901
7	Tianjin Binlian Microfinance Limited	Tianjin	3.3%	Provision of small loan and financial consultation services	13,976
8	Nanjing NingGangRongTong Technology Microfinance Co., Ltd.	Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation services	35,397
9	Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(3) Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000
10	Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. ("Ziyang Yanjiang")	(4) Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730
11	Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	27,011
12	Tianjin Rongyang Micro-Loan Limited	Tianjin	30%	Provision of small loan and financial consultation services	40,507
13	Zhenjiang CFI Guosen Technology Microfinance Corporation Limited	Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	61,538
				Sub-total:	<u>844,904</u>

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2014 HK\$'000
<b>Guarantee service</b>					
14	Jiangxi Huazhang Hanchen Guarantee Group Limited (" <b>Jiangxi Huazhang</b> ")	(5) Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150
				Sub-total:	<u>43,150</u>
<b>Investment and management consultation service</b>					
15	Shenzhen Zhongtounjin Asset Management Company Limited	Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	6,543
16	Xi'an Kairong Financial Service Limited (formerly known as Xi'an Kairong Investment Management Limited)	Xi'an, Shaanxi Province	30%	Provision of financial management services	21,418
17	Zhenjiang Financial Industry Development Limited	Zhenjiang, Jiangsu Province	30%	Provision of financial management services	19,542
18	Hubei Zhongjin Tech Financial Services Co., Ltd. (" <b>Hubei Zhongjin</b> ")	(6) Wuhan, Hubei Province	30%	Provision of financial management services	19,030
				Sub-total:	<u>66,533</u>
				Total:	<u><u>954,587</u></u>

**Notes:**

- (1) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jingdezhen CFI Guosen to an independent third party for a cash consideration of HK\$188,690,000.
- (2) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Nanchang Donghu to an independent third party for a cash consideration of HK\$36,901,000.
- (3) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ezhou Zhongjinguotou to an independent third party for a cash consideration of HK\$185,000,000. As at 31 December 2014, a deposit of HK\$10,000,000 has been received.
- (4) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ziyang Yanjiang to an independent third party for a cash consideration of HK\$73,730,000.
- (5) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jiangxi Huazhang to an independent third party for a cash consideration of HK\$43,150,000.
- (6) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin, a joint venture established in the PRC. Hubei Zhongjin is principally engaged in the provision of financial management services to small and medium enterprises in Wuhan, Hubei Province, the PRC. On 23 December 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Hubei Zhongjin to an independent third party for a cash consideration of HK\$19,030,000.

As at the date of this announcement, the above disposals have not been completed. The Directors expect the above disposal transactions will be completed within one year.

## PROSPECT

上海君爵投資中心（有限合夥）(transliterated as Shanghai Junjue Investment Centre (Limited Partnership), (“**Junjue**”)) and Regal Prosper International Limited (“**Regal Prosper**”) have to date committed investing in the Company by subscribing new shares of the Company, all the net proceeds of the subscriptions are approximately HK\$2,464 million, which represent a good opportunity for the Company to raise funds to strengthen its capital base and improve its financial position for the Company’s future development and expansion and introduce strategic investors to the Company. Moreover, the Company shall be able to raise a substantial amount of funds for the Company to invest in new opportunities, including but not limited to specialised funds, financial institutions holding PRC finance licenses, wealth management companies, investment management companies, asset management companies and equity investment funds in Shanghai Free Trade Zone, with an aim to improve the overall performance of the Group and to optimise potential returns on investments of shareholders (the “**Shareholders**”).

The board (the “**Board**”) of the Directors believes that the introduction of Junjue as strategic investors will generate synergy to the Company in future and achieve a win-win situation. The Board considers that Junjue has the edge of resources and networking in the investment market in the PRC. Junjue will offer quality projects in the PRC, especially in Shanghai, and will introduce investment opportunities to the Company. On the other hand, Junjue, through the listing status of the Company, will be able to leverage Hong Kong’s position as the international financial center and embrace the international investment horizon.

## 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 2014, the Group had cash and cash equivalents of HK\$63.30 million (30 June 2014: HK\$6.82 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 2014 was approximately 2.66 times (30 June 2014: 41.53 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders’ equity) of the Group as at 31 December 2014 was approximately 7.62% (30 June 2014: 41.29%).

The Group did not have any bank borrowing as at 31 December 2014 (30 June 2014: Nil).

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the Period (2013: Nil).

## **CAPITAL STRUCTURE**

The Company has issued 11,000,000 ordinary shares with par value of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.13 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 2014, the Group had 17 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$7.56 million (2013: HK\$6.47 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 2014, the Company complied with the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except for the following deviations:

In respect of the code provision A.6.7 of the CG Code, Mr. Wang Dehe, a non-executive Director, and Mr. Wan Hongchun, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 21 November 2014 due to their own other important business.



## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction 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 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

The Company entered into two subscription agreements with two independent subscribers, details are as follows:

- (A) The share subscription agreement (the “**First Subscription Agreement**”) dated 4 September 2014 entered into among the Company, Mr. Du Lin Dong (the “**First Guarantor**”) and Mr. Wang Dehe (collectively referred to as the “**Guarantors**”) and 上海外聯發實業發展有限公司 (transliterated as Shanghai Wailianfa Industrial Development Limited, (“**Wailianfa**”)) as amended, modified and varied by the deed of novation dated 7 November 2014 entered into among the Company, the Guarantors, Wailianfa and Junjue and the supplemental agreement dated 30 December 2014 entered into among the Company, the Guarantors and Junjue (collectively the “**Amended First Subscription Agreement**”) in relation to the subscription for 11,500,000,000 new shares (the “**First Subscription Shares**”) at HK\$0.20 per share in the Company (the “**First Subscription**”) by United Talents Holdings Limited (the “**Nominee Subscriber**”), being the nominee of Junjue.

As stated in the circular of the Company (the “**Circular**”) dated 15 January 2015, the Nominee Subscriber, is an investment holding company incorporated under the laws of the British Virgin Islands on 28 July 2014. The Nominee Subscriber was wholly owned by United Talents Development Limited, which was, in turn, held as to 90% by Junjue and 10% by Pure Unity Investment Limited. Junjue is a limited partnership established in the PRC on 17 March 2014, which has six limited partners and a general partner. The six limited partners are (i) 山東信能新材料有限公司 (transliterated as Shandong Xinneng New Materials Limited) who has agreed to contribute 45.35% of the capital of Junjue and which in turn is owned as to 70% by 張剛 (transliterated as Zhang Gang), 10% by 孫培蓮 (transliterated as Sun Peilian), 10% by 周輝放 (transliterated as Zhou Huifang), 5.5% by 翟璐 (transliterated as Zhai Lu) and 4.5% by 袁志剛 (transliterated as Yuan Zhigang); (ii) 中企聯控股集團有限公司 (transliterated as Zhongqilian Holding Group Limited) who has agreed to contribute 22.68% of the capital of Junjue and which in turn is wholly owned by 馬鈞 (transliterated as Ma Jun); (iii) 上海智富科創投資有限公司 (transliterated as Shanghai Zhifu Kechuang Investment Limited) who has agreed to contribute 13.60% of the capital of Junjue and which in turn is owned as to 49% by 嚴悅文 (transliterated as Yan Yuewen) (also known as 嚴廣玲 (transliterated as Yan Guangling)) and 51% by 智富企業發展(集團)有限公司 (transliterated as Zhifu Enterprise Development (Group) Limited) which in turn is owned as to 80% by 丁勤富 (transliterated as Ding Qinfu) and 20% by Yan Yuewen (also known as Yan Guangling); (iv) 上海光通神洲網路通信發展有限公司 (transliterated as Shanghai Guangtong Shenzhou Network Communication Development Limited) who has agreed to contribute 9.07% of the capital of Junjue and which in turn is wholly owned by 袁峰 (transliterated as Yuan Feng); (v) 陝西安澤投資有限公司 (transliterated as Shanxi Anze Investment Limited) who has agreed to contribute 4.53% of the capital of Junjue and which in turn is owned as to 51% by 王文軍 (transliterated as Wang Wenjun) and 49% by 陳紅 (transliterated as Chen Hong); and (vi) 上海聖金投資有限公司 (transliterated as Shanghai Shengjin Investment Company Limited) who has agreed to contribute 2.04% of the capital of Junjue and which in turn is wholly owned by 上海河苗投資有限公司 (transliterated as Shanghai Hemiao Investment Company Limited) which in turn is owned as to 58.33% by 陳越 (transliterated as Chen Yue) and 41.67% by 陳輝 (transliterated as Chen Hui). The general partner is 上海泰利特經濟發展有限公司 (transliterated as Shanghai Tailite Economic Development Company Limited) who has agreed to contribute 2.73% of the capital of Junjue and which in turn is owned as to 55% by 典國華 (transliterated as Dian Guohua), 35% by 朱澤民 (transliterated as Zhu Zemin) and 10% by 胡德華 (transliterated as Hu Dehua).

Upon the completion of the Amended First Subscription Agreement, the Company shall procure the change in the constitution of the Board in compliance with the Listing Rules so that the new Board will comprise 9 members of which 3 are executive directors, 3 are non-executive directors and 3 are independent non-executive directors. Junjue shall have the right to nominate a majority of the executive directors and the non-executive directors. The appointment of the directors nominated by Junjue shall be carried out in accordance with the normal procedures of the Company for appointment of directors. Save for the purpose of providing securities for possible bank financing for the subscription price payable under the First Subscription, Junjue agreed that from the date of the first tranche of 11,000,000,000 new shares of the completion of the Amended First Subscription Agreement until the second anniversary thereof, Junjue warrants and undertakes the Nominee Subscriber not to dispose of any of the First Subscription Shares in the secondary market, namely on the Stock Exchange, without the prior consent of the Guarantors.

The enforcement of the Amended First Subscription Agreement is subject to shareholders and related authorities' approval and certain major conditions described below:

- (1) the Company and/or the Guarantors not having breached any of the undertakings and warranties given by the Company and the Guarantors in the Amended First Subscription Agreement and such undertakings and warranties remaining true and accurate in all respects and not misleading;
- (2) the Company is in compliance with all its undertakings given in favour of Junjue pending completion;
- (3) the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong granting the whitewash waiver (in connection with the First Subscription) to the Nominee Subscriber and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the whitewash waiver granted;

- (4) if applicable, the disposal (the “**Disposals**”) as described below having been approved by the Stock Exchange:
- a. to dispose unlisted company investments of the Company, including Jingdezhen CFI Guosen, Ezhou Zhongjinguotou, Nanchang Donghu, Ziyang Yanjiang, Jiangxi Huazhang, Zhengzhou Economic Technological Development Mingyang Micro-loan Limited, Tianjian Zhongjinxinke Microfinance Limited and Hubei Zhongjin for a total cash consideration of not less than HK\$608,000,000 (the “**Total Unlisted Company Investments Consideration**”) on or before 6 March 2015. The Company shall, in respect of the disposal of the unlisted company investments, perform and complete the registration of the respective share transfer of the unlisted company investments with the relevant Administration of Industry and Commerce in the PRC, which in total, represent (a) not less than 90% of Total Unlisted Company Investments Consideration on or before 30 April 2015; and (b) the entire Total Unlisted Company Investments Consideration by 31 May 2015 (except with written consent from Junjue for the extension);
  - b. to dispose all listed company investments of the Company for a total cash consideration of not less than HK\$138,000,000 before 6 March 2015 of the special general meeting (the “**SGM**”) of the Company to be held, among other things, to approve the Amended First Subscription Agreement;
  - c. to terminate the 23 joint venture agreements and/or acquisition agreements previously entered into by the Group in respect of its investment in small loan companies in the PRC and have not yet been completed as at the date of the First Subscription Agreement by 30 April 2015; and
  - d. to collect and receive each of the account receivable of the Company which is more than HK\$1,000,000 and arising from the loan advancement made by the Company and/or the dividend receivable from its investment for a total sum of not less than HK\$49,581,000 by 30 April 2015;
- (5) the obtaining of all necessary consent and approval by the Company, including but not limited to passing by the Board and the independent shareholders of the Company at the SGM, among other things, the necessary resolutions to approve the Amended First Subscription Agreement and the transactions contemplated thereunder (including the grant of the specific mandate in respect of the First Subscription Shares and the whitewash waiver);

- (6) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the First Subscription Shares to be issued (and such approval not being subsequently revoked prior to the completion of the Amended First Subscription Agreement);
- (7) the Bermuda Monetary Authority granting consent to (if required) the issue of the First Subscription Shares (and such consent not being subsequently revoked prior to the completion of the Amended First Subscription Agreement);
- (8) the obtaining of a Bermuda legal opinion (in such form as agreed between Junjue and the Company) in relation to the Amended First Subscription Agreement and the transactions contemplated thereunder, at the cost and expense of the Company;
- (9) the obtaining of a PRC legal opinion (in such form as agreed between Junjue and the Company) in relation to the Disposals and the business of the Company in the PRC, at the cost and expense of the Company;
- (10) all parties to the Amended First Subscription Agreement having signed all relevant documents in connection with the First Subscription;
- (11) fulfillment of all the terms and conditions and there is no breach of the Amended First Subscription Agreement;
- (12) the establishment of the Nominee Subscriber by Junjue and obtaining of all necessary consent and approval (including but not limited to the foreign exchange approval) by Junjue;
- (13) Junjue has legally transferred all the necessary funding in respect of the First Subscription to the designated bank account of the Nominee Subscriber which can be freely applied;
- (14) the obtaining of all necessary consent and approval by Junjue, including but not limited to passing by the partners of Junjue the necessary resolutions to approve the Amended First Subscription Agreement and the transactions contemplated thereunder;
- (15) the obtaining of all necessary consent and approval by Junjue from the relevant PRC competent authorities (including but not limited to the Ministry of Commerce, the National Development and Reform Commission, the foreign exchange department and/or other relevant local authorities in the PRC);

- (16) the completion of the Disposals in accordance with applicable laws, regulations, government policies, the Listing Rules and the terms of the Amended First Subscription Agreement;
- (17) First Guarantor has created a share charge to charge 500,000,000 shares, representing approximately 10.70% of the entire issued share capital of the Company as at the latest practicable date of the Circular, indirectly owned by him in favour of Junjue on or before the day immediately preceding the date of dispatch of the Circular; and 160,384,830 shares, representing approximately 3.44% of the entire issued share capital of the Company as at the latest practicable date of the Circular, directly owned by him in favour of Junjue on or before 6 March 2015 to guarantee the performance of obligations of the Company and the Guarantors under the Amended First Subscription Agreement and has delivered to Junjue the relevant instrument(s) of transfer and sold note(s) signed in blank; and
- (18) completion of the reorganisation of the group, which comprises Junjue, United Talents Development Limited and the Nominee Subscriber.

Junjue has the right to waive the conditions numbered (1), (2), (8), (9), (10), (11), (16) and/or (17) above, save as the aforesaid, none of the above conditions can be waived by any parties to the Amended First Subscription Agreement.

- (B) The share subscription agreement dated 4 September 2014 as amended, modified and varied by a supplemental agreement dated 7 November 2014 and second supplemental agreement dated 30 December 2014 (collectively the “**Amended Second Subscription Agreement**”) entered into between the Company and Regal Prosper in relation to the subscription of 840,000,000 new shares (the “**Second Subscription Shares**”) at HK\$0.20 per share in the Company by Regal Prosper.

The enforcement of the Amended Second Subscription Agreement is subject to shareholders and related authorities’ approval and certain major conditions described below:

- (1) the passing by the shareholders of the Company at the SGM, among other things, an ordinary resolution to approve the Amended Second Subscription Agreement and the transactions contemplated thereunder (including the grant of the specific mandate in respect of the Second Subscription Shares);
- (2) the Stock Exchange granting an approval for the listing of and permission to deal in the Second Subscription Shares to be issued (and such approval not being subsequently revoked prior to the completion of the Amended Second Subscription Agreement);

- (3) the warranties given by Regal Prosper in the Amended Second Subscription Agreement remaining true, accurate and not misleading in all respects; and
- (4) the Bermuda Monetary Authority granting consent to (if required) the issue of the Second Subscription Shares.

None of the conditions in the Amended Second Subscription Agreement can be waived.

Upon the completion of the Amended First Subscription Agreement and Amended Second Subscription Agreement, Junjue and Regal Prosper hold approximately 67.60% and 4.94% of the entire issued share capital of the Company as enlarged by the issue of First Subscription Shares and Second Subscription Shares, respectively. The aggregate net proceeds of the subscriptions of the First Subscription Shares and the Second Subscription Shares of approximately HK\$2,464,000,000 will be applied for potential investments and general working capital of the Group.

#### **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 2014 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**  
**Du Lin Dong**  
*Chief Executive Officer*

Hong Kong, 17 February 2015

*As at the date of this announcement, the executive Directors are Mr. Du Lin Dong and Mr. Pong Po Lam, 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.*