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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 2015

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 2015 (the “**Year**”) together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2015

	<i>Notes</i>	2015 HK\$’000	2014 <i>HK\$’000</i>
Revenue	5	2,126	29,813
Other income and gains	5	2,234	800
Net change in fair value of financial assets	6	45,212	(97,558)
Impairment loss of available-for-sale financial assets		(516)	(4,295)
Impairment loss of other receivables		–	(29,406)
Finance costs	7	(25,265)	(24,424)
Administrative expenses		(25,386)	(91,176)
Share of loss of an associate		(13)	(32)
Loss before tax	8	(1,608)	(216,278)
Income tax credit	9	982	3,398
Loss for the year		(626)	(212,880)

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Change in fair value		(10,538)	(29,553)
Reclassification adjustment for loss included in profit or loss			
– Impairment loss		516	4,295
Income tax effect		(399)	2,190
		<u>(10,421)</u>	<u>(23,068)</u>
Exchange differences on translation of foreign operations		<u>(746)</u>	<u>(810)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(11,167)</u>	<u>(23,878)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		<u>(11,167)</u>	<u>(23,878)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>(11,793)</u>	<u>(236,758)</u>
Loss per share attributable to ordinary equity holders of the Company			
– Basic	<i>10(a)</i>	<u>HK(0.013) cents</u>	<u>HK(4.568) cents</u>
– Diluted	<i>10(b)</i>	<u>HK(0.013) cents</u>	<u>HK(4.568) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		125	206
Investment in an associate		416	429
Available-for-sale financial assets		325,232	335,770
Financial assets at fair value through profit or loss		<u>550,542</u>	<u>621,143</u>
Total non-current assets		<u>876,315</u>	<u>957,548</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		178,346	99,663
Prepayments, deposits and other receivables		39,685	107,385
Cash and cash equivalents		<u>287,295</u>	<u>6,818</u>
Total current assets		<u>505,326</u>	<u>213,866</u>
CURRENT LIABILITIES			
Other payables and accruals		217,845	887
Convertible bond		278,816	–
Due to a related company		15	–
Due to an associate		97	64
Tax payable		<u>4,200</u>	<u>4,199</u>
Total current liabilities		<u>500,973</u>	<u>5,150</u>
NET CURRENT ASSETS		<u>4,353</u>	<u>208,716</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>880,668</u>	<u>1,166,264</u>
NON-CURRENT LIABILITIES			
Interest bearing loans		62,965	62,965
Convertible bond		–	276,301
Deferred tax liabilities		<u>4,567</u>	<u>5,253</u>
		<u>67,532</u>	<u>344,519</u>
Net assets		<u><u>813,136</u></u>	<u><u>821,745</u></u>
EQUITY			
Issued capital		46,717	46,607
Reserves		<u>766,419</u>	<u>775,138</u>
TOTAL EQUITY		<u><u>813,136</u></u>	<u><u>821,745</u></u>
Net asset value per share	<i>11</i>	<u><u>HK17.41 cents</u></u>	<u><u>HK17.63 cents</u></u>

NOTES TO FINANCIAL STATEMENTS

30 June 2015

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, which, because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). These financial statements 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 (“FVTPL”) which have been measured at fair value. 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 POLICIES AND DISCLOSURES

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

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>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</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 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 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 July 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 July 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 July 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

In addition, the amendments to the Listing Rules announced by the Stock Exchange in February 2015 relating to the disclosure of financial information with reference to the Companies Ordinance (Cap. 622) and HKFRSs will be applied for the year ending 30 June 2016. The Group is in the process of making an assessment of the impact of these changes.

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 estate
- 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

	Micro-loan service HK\$'000	Real estate HK\$'000	Others HK\$'000	Total HK\$'000
<i>Year ended 30 June 2015</i>				
Segment results	<u>(32,997)</u>	<u>80,661</u>	<u>(842)</u>	46,822
Share of loss of an associate				(13)
Unallocated income				2,234
Unallocated expenses				<u>(50,651)</u>
Loss before tax				(1,608)
Income tax credit				<u>982</u>
Loss for the year				<u>(626)</u>
<i>Year ended 30 June 2014</i>				
Segment results	<u>(7,213)</u>	<u>(57,114)</u>	<u>(7,713)</u>	(72,040)
Share of loss of an associate				(32)
Unallocated income				800
Unallocated expenses				<u>(145,006)</u>
Loss before tax				(216,278)
Income tax credit				<u>3,398</u>
Loss for the year				<u>(212,880)</u>

Segment results represent loss on disposal of listed investments, gain on disposal of unlisted investments, gain/(loss) 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:

	2015 HK\$'000	2014 HK\$'000
Micro-loan service	766,967	854,663
Real estate	169,193	88,531
Others	<u>117,960</u>	<u>113,382</u>
Total segment assets	1,054,120	1,056,576
Unallocated assets	<u>327,521</u>	<u>114,838</u>
	<u>1,381,641</u>	<u>1,171,414</u>

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, an investment in an associate, prepayments, deposits and other receivables and cash and cash equivalents.

All liabilities as at 30 June 2015 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

	Listed investments HK\$'000	Unlisted investments HK\$'000	Total HK\$'000
Year ended 30 June 2015			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale financial assets	–	2	2
Financial assets at FVTPL	–	698	698
Unrealised gain/(loss):			
Financial assets at FVTPL	78,682	(34,170)	44,512
Impairment loss:			
Available-for-sale financial assets	–	(516)	(516)
Total realised and unrealised gain/(loss) included in profit or loss	78,682	(33,986)	44,696
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(10,538)	(10,538)
Total realised and unrealised gain/(loss) for the year	<u>78,682</u>	<u>(44,524)</u>	<u>34,158</u>
Year ended 30 June 2014			
<i>Included in profit or loss:</i>			
Realised (loss)/gain:			
Financial assets at FVTPL	(14,858)	4,914	(9,944)
Unrealised loss:			
Financial assets at FVTPL	(45,832)	(41,782)	(87,614)
Impairment loss:			
Available-for-sale financial assets	–	(4,295)	(4,295)
Total realised and unrealised loss included in profit or loss	(60,690)	(41,163)	(101,853)
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(29,553)	(29,553)
Total realised and unrealised loss for the year	<u>(60,690)</u>	<u>(70,716)</u>	<u>(131,406)</u>

5. REVENUE, OTHER INCOME AND GAINS

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Dividend income from unlisted investments, net of withholding tax	<u>2,126</u>	<u>29,813</u>
Other income and gains		
Bank interest income	1,202	12
Exchange gain on dissolution of a subsidiary	–	786
Exchange gain on dissolution of a representative office	109	–
Exchange gain	923	–
Miscellaneous	<u>–</u>	<u>2</u>
	<u>2,234</u>	<u>800</u>

The Group's turnover comprises sales proceeds from disposal of investments amounting to HK\$56,161,000 (2014: HK\$103,698,000) and dividend income of HK\$2,126,000 (2014: HK\$29,813,000) for the year.

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net realised gain on an available-for-sale financial asset	2	–
Net realised gain/(loss) on financial assets at FVTPL	698	(9,944)
Net unrealised gain/(loss) on financial assets at FVTPL	<u>44,512</u>	<u>(87,614)</u>
	<u>45,212</u>	<u>(97,558)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on a convertible bond wholly repayable within five years	22,115	21,926
Interest on other loans	<u>3,150</u>	<u>2,498</u>
	<u>25,265</u>	<u>24,424</u>

8. LOSS BEFORE TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	680	635
– non-audit services	284	229
Custodian fee	154	161
Depreciation	81	994
Investment management fee	1,049	987
Loss on disposal of items of property, plant and equipment	–	493
Minimum operating lease payments in respect of properties	1,350	2,279
Equity-settled share option expenses to consultants	–	60,070
Staff costs, excluding directors' remuneration		
Salaries and wages	4,887	5,973
Pension scheme contributions	77	60
Foreign exchange differences, net	–	717
	<u> </u>	<u> </u>

9. INCOME TAX

Income tax in the financial statements represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – Hong Kong		
– Provision for the year	–	–
Current tax – PRC Enterprise Income Tax		
– Provision for the year	103	–
Deferred tax credit	(1,085)	(3,398)
	<u> </u>	<u> </u>
Total tax credit for the year	<u> (982) </u>	<u> (3,398) </u>

No provision for Hong Kong Profits Tax has been made as the Group has available tax losses from prior years to offset the assessable profits generated during the year ended 30 June 2015 (2014: Nil).

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\$626,000 (2014: HK\$212,880,000) and the weighted average number of 4,668,470,000 (2014: 4,660,367,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
	Number	Number
	of shares	of shares
	'000	'000
Issued ordinary shares	4,660,634	4,659,834
Effect of exercise of share options	7,836	533
	<hr/>	<hr/>
Weighted average number of ordinary shares	<u>4,668,470</u>	<u>4,660,367</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 2015 and 2014 in respect of a dilution as the convertible bond and outstanding share options had an anti-dilutive effect on the basic loss per share amounts 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 2015 of HK\$813,136,000 (2014: HK\$821,745,000) and on 4,671,634,000 ordinary shares being in issue as at 30 June 2015 (2014: 4,660,634,000 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\$626,000 as compared to HK\$212,880,000 in last year, representing a 99.71% decrease in the net loss for the Year. The loss was mainly attributable to the unrealised loss on unlisted investments at fair value through profit and loss and the interest payment arising from the interest-bearing loans and convertible bond issued by the Company. The loss was substantially decreased primarily due to (i) the increase in the unrealised gain on listed investments at fair value through profit and loss; (ii) the considerable decrease in the equity-settled share option expenses; and (iii) the absence of impairment loss of other receivables as compared to last year. The basic loss per share was HK0.013 cents (2014: HK4.568 cents).

During the Year, dividend income from investments decreased by 92.87% to HK\$2,126,000 as compared to HK\$29,813,000 in last year. The other income which comprised interest income and miscellaneous gain was HK\$2,234,000, representing an increase of 179.25% as compared to HK\$800,000 in last year. Administrative expenses decreased by 72.16% from HK\$91,176,000 in last year to HK\$25,386,000 this year mainly due to the considerable decrease in the equity-settled share option expenses.

LISTED INVESTMENT REVIEW

On 25 November 2014, the Company entered into disposal agreements to dispose of all of its listed securities to independent third parties for a total cash consideration of HK\$148,588,000. A deposit of HK\$7,000,000 has been received. However, as certain conditions have not been satisfied, all parties entered into the agreements to terminate these transactions on 15 June 2015 and 24 June 2015, respectively. As at the date of this announcement, the deposit has been all refunded. On the terminated date of these disposal transactions, the quoted market price per share of each listed securities was higher than its respective disposal price, the Company considered that the termination of the disposal transactions was in the interest of the Company and the Shareholders as a whole.

The market value of listed securities substantially increased during the Year given the improvement in overall market conditions of the Hong Kong and the People’s Republic of China (the “**PRC**”) stock markets during the Year. As at 30 June 2015, the market value of the Group’s listed securities portfolio had increased and recorded an unrealised gain of HK\$78,682,000 (2014: a loss of HK\$60,690,000, including a realised loss of HK\$14,858,000 and an unrealised loss of HK\$45,832,000). No dividend income from listed investments was received during the Year and last year.

As at 30 June 2015, the market value of the listed investments amounted to HK\$178,346,000 (2014: HK\$99,663,000), all the listed investments 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 2015 <i>HK\$'000</i>	Dividend income <i>HK\$'000</i>
Hidili Industry International Development Limited	Coal mining and manufacture and sales of clean coal	12,369,000	0.60	9,153	–
China City Infrastructure Group Limited (formerly known as “China Water Property Group Limited”)	Infrastructure businesses, property investment, property development, hotel business and property management in the PRC	196,735,429	9.62	169,193	–
				178,346	–

UNLISTED INVESTMENT REVIEW

For the year ended 30 June 2015, the loss on the Group’s unlisted investment portfolio recorded as HK\$44,524,000 (2014: HK\$70,716,000). The loss was mainly attributable to the decrease in fair value of small loan companies and investment and management consultation service companies. During the Year, the dividend income from the unlisted investments recorded as HK\$2,126,000, representing a 92.87% decrease as compared to HK\$29,813,000 in last year.

As at 30 June 2015, the fair value of the Group’s unlisted investments amounted to HK\$875,774,000 as compared to HK\$956,913,000 in last year, representing a 8.48% decrease.

Unlisted Investment Portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2015 HK\$'000	Dividend received HK\$'000
Micro-loan service							
1	Jingdezhen CFI Guosen Microfinance Co., Ltd.	(1) Jingdezhen, Jiangxi Province	30%	Provision of small loan and financial consultation services	188,690	174,672	–
2	TianJin XEDA Microfinance Co., Ltd.	Tianjin	30%	Provision of small loan and financial consultation services	72,450	81,565	–
3	Tianjin Rongshun Microfinance Limited	Tianjin	30%	Provision of small loan and financial consultation services	36,606	35,562	–
4	THC RongShun Micro-Loan Company Limited	Tianjin	10%	Provision of small loan and financial consultation services	12,189	14,265	–
5	Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	37,284	–
6	Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	(2) Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901	38,698	–
7	Tianjin Binlian Microfinance Limited	(3) Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	12,500	1,646
8	Nanjing NingGangRongTong Technology Microfinance Co., Ltd.	(4) Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation services	36,870	–	–
9	Ezhou Zhongjinguotou Microfinance Limited	(5) Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000	176,828	–
10	Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	(6) Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	77,170	–
11	Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	20,426	–

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2015 HK\$'000	Dividend received HK\$'000
12		Tianjin	30%	Provision of small loan and financial consultation services	36,741	38,642	–
13		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	59,355	–
				Sub-total:	<u>821,688</u>	<u>766,967</u>	<u>1,646</u>
Guarantee service							
14	(7)	Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150	62,930	–
				Sub-total:	<u>43,150</u>	<u>62,930</u>	<u>–</u>
Investment and management consultation service							
15		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	6,065	–
16		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	22,984	–
17	(8)	Zhenjiang, Jiangsu Province	30%	Provision of financial management services	18,591	–	480
18	(9)	Wuhan, Hubei Province	30%	Provision of financial management services	19,030	16,828	–
				Sub-total:	<u>74,695</u>	<u>45,877</u>	<u>480</u>
Information system service and mining							
19	(10)	British Virgin Islands	30%	Investment holding	–	–	–
				Total:	<u><u>939,533</u></u>	<u><u>875,774</u></u>	<u><u>2,126</u></u>

Notes:

- (1) On 25 November 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Jingdezhen CFI Guosen Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$188,690,000. A deposit of RMB140,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015. As at the date of this announcement, a deposit of RMB55,000,000 has been refunded, the remaining balance of RMB85,000,000 will be refunded within one year.
- (2) On 25 November 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$36,901,000. A deposit of RMB20,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015. As at the date of this announcement, the deposit has been all refunded.
- (3) On 20 March 2015, the Company entered into a disposal agreement to dispose of all of its equity interest in Tianjin Binlian Microfinance Limited to an independent third party for a cash consideration of RMB10,000,000. As at the date of this announcement, this disposal transaction has not been completed. The Directors expect this disposal transaction will be completed within one year.
- (4) On 2 March 2015, the Company entered into a disposal agreement to dispose of all of its equity interest in Nanjing NingGangRongTong Technology Microfinance Co., Ltd. to independent third parties for a total cash consideration of RMB30,000,000. The disposal transactions were completed during the Year.
- (5) On 25 November 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Ezhou Zhongjinguotou Microfinance Limited to an independent third party for a cash consideration of HK\$185,000,000. A deposit of HK\$10,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015. As at the date of this announcement, the deposit has been all refunded.
- (6) On 25 November 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$73,730,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.
- (7) On 25 November 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Jiangxi Huazhang Hanchen Guarantee Group Limited to an independent third party for a cash consideration of HK\$43,150,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.

- (8) On 31 May 2015, the Company entered into a disposal agreement to dispose of all of its equity interest in Zhenjiang Financial Industry Development Limited to an independent third party for a consideration of RMB15,000,000. This disposal transaction was completed on 23 July 2015.
- (9) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin Tech Financial Services Co., Ltd., a joint venture established in the PRC. Hubei Zhongjin Tech Financial Services Co., Ltd. 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 of all of its equity interest in Hubei Zhongjin Tech Financial Services Co., Ltd. to an independent third party for a cash consideration of HK\$19,030,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.
- (10) On 31 December 2014, the Company entered into a disposal agreement to dispose of all of its equity interest in Globe Capital Resources Investment Limited to an independent third party for a consideration of HK\$2,000. The disposal transaction was completed during the Year.

The Company considered that the termination of (1), (2), (5), (6), (7) and (9) transactions as above would not have any material adverse impact on the financial and operational position of the Group.

PROSPECT

Looking ahead, the business environment remains very challenging as downward pressure on economy of the PRC is intensifying, the global financial and economic conditions are expected to remain unstable. As a small, very open and financially integrated economy, Hong Kong is highly sensitive to the slowdown of economic growth in the PRC and the global economic and financial shocks. The Group currently operates its business principally in Hong Kong and the PRC, any significant change in or worsening of the economic conditions in Hong Kong and the PRC will undoubtedly affect the Group's businesses. Nevertheless, the Group will stand firm against difficulties and challenges, cautiously review and adjust our business strategies from time to time, and seek more potential investment opportunities to diversify its business portfolio with an aim to maximise value for our shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 June 2015, the Group had cash and cash equivalents of HK\$287,295,000 (2014: HK\$6,818,000). Majority of the cash and bank balances denominated in Hong Kong dollars and Renminbi are 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 2015 was approximately 1.01 times (2014: 41.53 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders' equity) of the Group as at 30 June 2015 was approximately 7.74% (2014: 41.29%).

The Group did not have any bank borrowing as at 30 June 2015 (2014: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2014: Nil).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities (2014: 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 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 2015, the Group had 14 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Year was HK\$13,319,000 (2014: HK\$16,348,000). 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 2015.

CORPORATE GOVERNANCE CODE

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 (“**Listing Rules**”), save for the disclosure below:

- (a) The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. On 8 June 2015, Mr. Wang Dehe resigned as the chairman of the Company while Mr. Du Lin Dong appointed as the chairman of the Company, the positions of both chairman and chief executive officer have been held by Mr. Du Lin Dong. Given the Group's current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.
- (b) The code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meeting. Due to other important business engagements at the relevant time, Mr. Wang Dehe and Mr. Wan Hongchun were unable to attend the annual general meeting of the Company held on 21 November 2014; and Mr. Wang Dehe, Mr. Sha Naiping, Mr. Ding Xiaobin, Mr. Wan Hongchun and Mr. Zeng Xianggao were unable to attend the special general meeting of the Company held on 6 March 2015.
- (c) Rules 3.10(1), 3.21 and 3.25 of the Listing Rules stipulate that (i) every board of directors must include at least three independent non-executive directors; (ii) the audit committee must comprise a minimum of three members; and (iii) the remuneration committee must be chaired by an independent non-executive director and comprised a majority of independent non-executive directors, respectively. Following the resignation of Mr. Wan Hongchun as an independent non-executive Director on 8 June 2015, the number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules; the number of members of the Audit Committee fell below the minimum number as required under Rule 3.21 of the Listing Rules; and the number of members of the Remuneration Committee fell below the minimum number as required under Rule 3.25 of the Listing Rules with absence of chairman.

Following the appointment of Mr. Li Cailin as an independent non-executive Director, the chairman and member of the remuneration committee, the member of the Audit Committee and the member of the nomination committee of the Company on 7 September 2015, the Company has fulfilled the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTION

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 Year.

EVENTS AFTER THE REPORTING PERIOD

- (A) The holders of the convertible bond exercised their conversion rights to convert the convertible bond with the nominal value of HK\$280,000,000 into new shares of the Company at the conversion price of HK\$0.50 per share, in which 560,000,000 shares were issued and allotted by the Company on 8 July 2015. With the effect of the exercise of convertible bond, the share capital of the Company has increased by HK\$5,600,000 while the share premium of the Company has increased by HK\$280,276,000. The equity component of the convertible bond has decreased by HK\$7,231,000.
- (B) The Company has issued 26,000,000 ordinary shares with par value of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.425 per share on 26 August 2015. With the effect of exercise of the share options, the share capital of the Company has increased by HK\$260,000 while the share premium of the Company has increased by HK\$14,262,000. The share option reserve has decreased by HK\$3,472,000.
- (C) On 3 September 2015, the Company entered into four subscription agreements respectively with four independent subscribers, in relation to the subscriptions of, in aggregate, 6,500,000,000 new shares at HK\$0.20 per share in the Company. The respective subscription shares by each of subscribers are as follows:
 - (a) 2,200,000,000 new shares to be subscribed by Excel Gainer International Limited (the “**First Subscriber**”);
 - (b) 1,800,000,000 new shares to be subscribed by Ruixin Taifu Investment Group Co., Ltd (the “**Second Subscriber**”);
 - (c) 1,700,000,000 new shares to be subscribed by Hong Rui Holdings Limited (the “**Third Subscriber**”); and
 - (d) 800,000,000 new shares to be subscribed by Hong Kong Puerte Co., Limited (the “**Fourth Subscriber**”).

The completion of each of the subscriptions is conditional upon fulfillment of the conditions stated in the respective subscription agreements, including the consent and approval to be obtained from the Board and the Shareholders, Stock Exchange and the Bermuda Monetary Authority (if required).

Each of the subscribers has irrevocably undertaken to the Company that from the completion date of the respective subscription agreements and until the first anniversary thereof, it shall not dispose of any of its respective subscription shares in the secondary market. Upon the completion of the subscriptions, the First Subscriber, the Second Subscriber, the Third Subscriber and the Fourth Subscriber will hold approximately 18.71%, 15.31%, 14.46% and 6.80% of the entire issued share capital of the Company as enlarged by the issue of the subscription shares. The aggregate net proceeds of the subscriptions of the new shares of approximately HK\$1,297,000,000 will be applied for potential investments and general working capital of the Group.

- (D) On 7 April 2015, the Company entered into an agreement (the “**Agreement**”) to establish a joint venture company (the “**JV Company**”) in the Shanghai Free Trade Zone, the PRC, with 上海申華控股股份有限公司(transliterated as Shanghai Shenhua Holdings Limited) and 陸家嘴國際信託有限公司(transliterated as Lujiazui International Trust Limited), the Company agreed to invest in 30% equity interest of the JV Company at a consideration of RMB60,000,000. On 7 September 2015, the parties to the Agreement entered into a termination agreement (the “**Termination Agreement**”), pursuant to which the parties to the Agreement mutually agreed to terminate the Agreement, with effect from the date of the Termination Agreement.

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>) 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 and Chief Executive Officer

Hong Kong, 9 September 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. Sha Naiping and Mr. Ding Xiaobin and the independent non-executive Directors are Dr. Cheung Wai Bun Charles, Mr. Li Cailin and Mr. Zeng Xianggao.