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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 2015

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 2015 as follows:

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

For the six months ended 31 December 2015

		Unaudited	
		Six months ended 31 December	
		2015	2014
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	5	429	–
Other income and gains	5	5,006	986
Net change in fair value of financial assets	6	(150,960)	40,018
Impairment loss of an available-for-sale financial asset		(721)	–
Finance costs	7	(4,471)	(12,724)
Administrative expenses		(9,182)	(14,176)
Share of loss of an associate		(16)	(10)
		<hr/>	<hr/>
(Loss)/profit before tax	8	(159,915)	14,094
Taxation	9	1,651	212
		<hr/>	<hr/>
(Loss)/profit for the period		<u>(158,264)</u>	<u>14,306</u>

	Unaudited	
	Six months ended 31 December	
	2015	2014
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	(73,130)	(12,447)
Reclassification adjustment for loss included in the profit or loss		
– Impairment loss	721	–
Income tax effect	<u>1,802</u>	<u>1,241</u>
	(70,607)	(11,206)
Exchange differences on translation of foreign operations	<u>(6,513)</u>	<u>(666)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(77,120)</u>	<u>(11,872)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(77,120)</u>	<u>(11,872)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(235,384)</u>	<u>2,434</u>
(Loss)/earnings per share attributable to ordinary equity holders of the Company		
– Basic	<i>11(a)</i> <u>HK(2.41) cents</u>	<u>HK0.31 cents</u>
– Diluted	<i>11(b)</i> <u>HK(2.41) cents</u>	<u>HK0.30 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	<i>Note</i>	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		101	125
Investment in an associate		400	416
Available-for-sale financial assets		252,102	325,232
Financial assets at fair value through profit or loss		<u>463,922</u>	<u>550,542</u>
Total non-current assets		<u>716,525</u>	<u>876,315</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		114,006	178,346
Prepayments, deposits and other receivables		18,331	39,685
Cash and cash equivalents		<u>1,230,560</u>	<u>287,295</u>
Total current assets		<u>1,362,897</u>	<u>505,326</u>
CURRENT LIABILITIES			
Other payables and accruals		3,147	217,845
Convertible bond		–	278,816
Due to a related company		359	15
Due to an associate		73	97
Tax payable		<u>4,200</u>	<u>4,200</u>
Total current liabilities		<u>7,779</u>	<u>500,973</u>
NET CURRENT ASSETS		<u>1,355,118</u>	<u>4,353</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,071,643</u>	<u>880,668</u>
NON-CURRENT LIABILITIES			
Interest bearing loans		62,978	62,965
Deferred tax liabilities		<u>1,114</u>	<u>4,567</u>
		<u>64,092</u>	<u>67,532</u>
Net assets		<u>2,007,551</u>	<u>813,136</u>
EQUITY			
Issued capital		109,577	46,717
Reserves		<u>1,897,974</u>	<u>766,419</u>
TOTAL EQUITY		<u>2,007,551</u>	<u>813,136</u>
Net asset value per share	12	<u>HK18.32 cents</u>	<u>HK17.41 cents</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2015 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 (the “Hong Kong 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 value. 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2015. No standards or interpretations are effective for the first time for this interim period and adopted by the Group.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the six months ended 31 December 2015. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this interim financial information. Among the new and revised HKFRSs, the following are expected to be relevant to the Company’s financial statements upon becoming effective:

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</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 2018*

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 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

	Unaudited Micro-loan service HK\$'000	Unaudited Real estate HK\$'000	Unaudited Others HK\$'000	Unaudited Total HK\$'000
<i>Six months ended 31 December 2015</i>				
Segment results	<u><u>(80,443)</u></u>	<u><u>(59,021)</u></u>	<u><u>(11,788)</u></u>	(151,252)
Share of loss of an associate				(16)
Unallocated income and gains				5,006
Unallocated expenses				<u>(13,653)</u>
Loss before tax				(159,915)
Income tax credit				<u>1,651</u>
Loss for the period				<u><u>(158,264)</u></u>
<i>Six months ended 31 December 2014</i>				
Segment results	<u><u>(11,507)</u></u>	<u><u>51,151</u></u>	<u><u>374</u></u>	40,018
Share of loss of an associate				(10)
Unallocated income and gains				986
Unallocated expenses				<u>(26,900)</u>
Profit before tax				14,094
Income tax credit				<u>212</u>
Profit for the period				<u><u>14,306</u></u>

Segment results represent gain on disposal of unlisted investments, fair value (loss)/gain on financial assets at FVTPL, impairment loss of an available-for-sale financial asset 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:

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Micro-loan service	622,587	766,967
Real estate	110,172	169,193
Others	97,271	117,960
	<hr/>	<hr/>
Total segment assets	830,030	1,054,120
Unallocated assets	1,249,392	327,521
	<hr/>	<hr/>
	2,079,422	1,381,641
	<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 2015 and 30 June 2015 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 <i>HK\$'000</i>	Unaudited Unlisted investments <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<i>Six months ended 31 December 2015</i>			
<i>Included in profit or loss:</i>			
Unrealised loss:			
Financial assets at FVTPL	(64,340)	(86,620)	(150,960)
Impairment loss:			
Available-for-sale financial asset	—	(721)	(721)
Total unrealised loss included in profit or loss	<u>(64,340)</u>	<u>(87,341)</u>	<u>(151,681)</u>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	—	(73,130)	(73,130)
Reclassification of impairment loss:			
Available-for-sale financial asset	—	721	721
Total unrealised loss included in other comprehensive income	<u>—</u>	<u>(72,409)</u>	<u>(72,409)</u>
Total unrealised loss for the period	<u><u>(64,340)</u></u>	<u><u>(159,750)</u></u>	<u><u>(224,090)</u></u>
<i>Six months ended 31 December 2014</i>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale financial asset	—	2	2
Unrealised gain/(loss):			
Financial assets at FVTPL	48,925	(8,909)	40,016
Total realised and unrealised gain/(loss) included in profit or loss	48,925	(8,907)	40,018
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	—	(12,447)	(12,447)
Total realised and unrealised gain/(loss) for the period	<u><u>48,925</u></u>	<u><u>(21,354)</u></u>	<u><u>27,571</u></u>

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents dividend income from the Group's investment. An analysis of revenue, other income and gains is as follows:

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Dividend income from an unlisted investment	<u>429</u>	<u>–</u>
Other income and gains		
Bank interest income	1,994	5
Exchange gains	<u>3,012</u>	<u>981</u>
	<u>5,006</u>	<u>986</u>

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Net unrealised (loss)/gain on financial assets at FVTPL	(150,960)	40,016
Net realised gain on an available-for-sale financial asset	<u>–</u>	<u>2</u>
	<u>(150,960)</u>	<u>40,018</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Interest on a convertible bond wholly repayable within five years	419	11,123
Interest on other loans	<u>4,052</u>	<u>1,601</u>
	<u>4,471</u>	<u>12,724</u>

8. (LOSS)/PROFIT BEFORE TAX

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

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Custodian fee	76	72
Depreciation	24	47
Investment management fee	496	508
Minimum operating lease payments in respect of properties	712	662
Staff costs, including directors' remuneration:		
Salaries, wages and benefits in kind	4,081	6,202
Pension scheme contributions	52	70
Equity-settled share option expenses	440	1,285

9. TAXATION

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Deferred tax credit	1,651	212
Total tax credit for the period	1,651	212

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 2015 and 2014.

10. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2015 (31 December 2014: Nil).

11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss for the six months ended 31 December 2015 of HK\$158,264,000 (2014: profit of HK\$14,306,000) and the weighted average number of ordinary shares of 6,568,634,000 (2014: 4,665,357,000) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic loss per share amount presented for the six months ended 31 December 2015 in respect of a dilution as the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount 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 six months ended 31 December 2014 and was ignored in the calculation of diluted earnings per share.

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 2015 of HK\$2,007,551,000 (30 June 2015: HK\$813,136,000) and on 10,957,634,000 ordinary shares being in issue as at 31 December 2015 (30 June 2015: 4,671,634,000 ordinary shares).

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 substantial loss of HK\$158,264,000 for the six months ended 31 December 2015 (the “**Period**”), as compared to the profit of HK\$14,306,000 for the same period last year. The loss was mainly due to unrealised losses on listed securities investments and unlisted investments at fair value through profit or loss.

Listed investment review

During the Period, the Group recorded a loss of HK\$64,340,000 in respect of unrealised loss on listed securities business, while the Group recorded a gain of HK\$48,925,000 for the same period last year. No dividend from listed investments was received for both periods ended 31 December 2015 and 2014.

As at 31 December 2015, the market value of the listed securities amounted to HK\$114,006,000 (30 June 2015: HK\$178,346,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

Unlisted investment review

The Group’s unlisted investments are mainly concentrated on small loan companies in the People’s Republic of China (the “**PRC**”). Small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the continual worsening performance of the small loan industry, for the six months ended 31 December 2015, the loss on the Group’s unlisted investment portfolio recorded as HK\$159,750,000 (31 December 2014: HK\$21,354,000). During the Period, the dividend income from the unlisted investment recorded as HK\$429,000 (31 December 2014: Nil).

The fair value of the Group’s unlisted investments decreased by 18.24% to HK\$716,024,000 (30 June 2015: HK\$875,774,000).

Unlisted Investment Portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2015		Dividend received HK\$'000
					Cost HK\$'000	HK\$'000	
Micro-loan service							
1		Jingdezhen, Jiangxi Province	30%	Provision of small loan and financial consultation services	188,690	132,753	–
2		Tianjin	30%	Provision of small loan and financial consultation services	72,450	59,976	–
3		Tianjin	30%	Provision of small loan and financial consultation services	36,606	27,235	–
4		Tianjin	10%	Provision of small loan and financial consultation services	12,189	8,532	429
5		Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	28,907	–
6		Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901	30,632	–
7	(1)	Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	11,933	–
8		Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000	159,068	–
9		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	54,800	–
10		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	19,270	–
11		Tianjin	30%	Provision of small loan and financial consultation services	36,741	34,946	–
12		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	54,535	–
				Sub-total:	784,818	622,587	429
Guarantee service							
13		Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150	54,029	–
				Sub-total:	43,150	54,029	–
Investment and management consultation service							
14		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	5,344	–
15		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	18,992	–
16		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	15,072	–
				Sub-total:	56,104	39,408	–
Investment Holding							
17	(2)	British Virgin Islands	30%	Investment holding	–	–	–
				Total:	884,072	716,024	429

Notes:

- (1) On 20 March 2015, the Company entered into a disposal agreement to dispose 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 of the Company (the “**Directors**”) expect this disposal transaction will be completed within one year.
- (2) On 19 November 2015, Best Joy Asia Investment Limited, a wholly owned subsidiary of the Company invested in a 30% equity interest of Glassy Mind, a joint venture established in the British Virgin Islands. Glassy Mind is principally engaged in investment holding.

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 volatile. As a small, but open integrated economy system, Hong Kong is highly sensitive to the slowdown of economic growth in the PRC and the global economic and financial turbulence. The Group currently has the investments principally in Hong Kong and the PRC, any material change in or deterioration of the economic conditions in Hong Kong and the PRC will inevitably affect the Group’s businesses.

Following the completion of the subscriptions (the “**Subscriptions**”) of an aggregate of 5,700,000,000 new Shares by three investors, at the subscription price of HK\$0.20 per Share, the net proceeds of approximately HK\$1,139,664,000 from the Subscriptions provided an affluent capital for the Company to capture new investment opportunities, so as to improve the Group’s overall performance. The Group will focus on the developments of the insurance and financial services industry, the clean energy industry, and the leisure sports vacation industry; and will seek potential investment opportunities to diversify its business portfolio with an aim to maximise value for the shareholders of the Company (the “**Shareholders**”).

The Group adopts (i) the ‘outside to inside’ approach, understanding the market condition then formulating the Company’s investment strategy accordingly; (ii) the ‘open synergy’ approach, inviting experts then collaborating their skills with the Company’s investment approach; and (iii) the ‘value-added’ approach, determining the value of potential investments then integrating resources to materialize the investments, to increase the value of the Group.

MAJOR ACQUISITIONS AND DISPOSALS

The Group had no major acquisitions and disposals of subsidiary or associate during the Period.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2015, the Group had cash and cash equivalents of HK\$1,230,560,000 (30 June 2015: HK\$287,295,000). Majority of the cash and bank balances denominated in Hong Kong dollar, United States 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 2015 was approximately 175.20 times (30 June 2015: 1.01 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders' equity) of the Group as at 31 December 2015 was approximately 3.14% (30 June 2015: 7.74%).

The Group did not have any bank borrowing as at 31 December 2015 (30 June 2015: Nil).

INTERIM DIVIDEND

The board (the “**Board**”) of the Directors does not recommend the payment of interim dividend for the Period (2014: Nil).

CAPITAL STRUCTURE

- (a) During the period ended 31 December 2015, the Company has issued 26,000,000 ordinary shares of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.425 per share. The gross proceed was approximately HK\$11,050,000, of which HK\$260,000 was credited to share capital, while HK\$14,262,000 was credited to the share premium.
- (b) During the period ended 31 December 2015, the convertible bond with principal amount of HK\$280,000,000 was converted into 560,000,000 ordinary shares of HK\$0.01 each at the conversion price of HK\$0.50, of which HK\$5,600,000 was credited to share capital, while HK\$280,276,000 was credited to the share premium.
- (c) On 10 November 2015, 13 November 2015 and 4 December 2015, the Company issued, in aggregate, 5,700,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.20 per share to three independent investors. The gross proceeds from the placing of shares were approximately HK\$1,140,000,000, out of which HK\$57,000,000 was recorded in share capital, while HK\$1,082,664,000 after netting off issuing expenses of HK\$336,000 was credited to share premium.

The net proceeds of approximately HK\$360,000,000 are applied for the short term investment financing with a guaranteed return. For more details, please refer to the paragraph headed “Events After The Reporting Period” section (b) set out below and the circular of the Company dated 21 December 2015.

The unutilised net proceeds of approximately HK\$779,664,000 shall be applied as follows:

- (a) approximately HK\$530,000,000 for equity investments in insurance and financial services;
- (b) approximately HK\$150,000,000 for equity investments in the clean energy industry; and
- (c) approximately HK\$99,664,000 as general working capital of the Group.

The Company currently has no other concrete investment plans. The Company shall comply with the requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) should any investment plans be materialised.

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 2015, the Group had 15 employees (including Directors). The total staff cost (including Directors’ remuneration) of the Group for the Period was HK\$4,573,000 (2014: HK\$7,557,000). 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 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 2015, the Company complied with the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (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. 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. Sha Naiping was unable to attend the special general meeting of the Company held on 20 October 2015; Mr. Cheung Wai Bun, Charles was unable to attend the annual general meeting of the Company held on 18 December 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 (the "INED") on 8 June 2015, the number of INEDs fell below the minimum number as required under Rule 3.10(1) of the Listing Rules; the number of members of the audit committee (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 INED, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Security Transaction by Directors of the 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 INEDs namely, Dr. Cheung Wai Bun Charles (chairman of the audit committee), Mr. Zeng Xianggao and Mr. Li Cailin (appointed on 7 September 2015), has reviewed with the management the accounting principles

and practices adopted by the Group and discussed auditing, risk management system, internal control systems 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.

Mr. Wan Hongchun resigned on 8 June 2015. Thereafter, the number of INEDs on the Audit Committee did not meet the requirement under Rule 3.21 of the Listing Rules. Upon the appointment of Mr. Li Cailin as a member of the Audit Committee on 7 September 2015, the Company has fulfilled the requirement under Rule 3.21 of the Listing Rules.

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 THE REPORTING PERIOD

- (a) The Company has issued 14,000,000 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 6 January 2016. With the effect of exercise of the share options, the share capital of the Company has increased by HK\$140,000 while the share premium of the Company has increased by HK\$7,685,000. The share option reserve has decreased by HK\$1,875,000.
- (b) The Company and Irena Culture Co., Ltd (formerly known as Beijing Irena Culture Co., Ltd) (“**Irena**”) have entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) dated 24 November 2015 in relation to the acquisition of approximately 28.76% of issued ordinary shares of Ourgame International Holdings Limited, a company listed in the Hong Kong Stock Exchange, through Glassy Mind at an investment amount of HK\$1,130,000,000. The Company, through its wholly-owned subsidiary, Best Joy Asia Investment Limited, holds 30% of the equity holdings of Glassy Mind.

According to the Strategic Cooperation Agreement, Best Joy Asia Investment Limited should contribute HK\$360,000,000 and Irena through its wholly-owned subsidiary, Yi Jia Investment Limited, should contribute HK\$770,000,000, respectively to Glassy Mind for the said acquisition, subject to the approval by the Shareholders at the special general meeting.

The Strategic Cooperation Agreement was approved at the special general meeting of the Company on 7 January 2016, and the Group’s contribution of HK\$360,000,000 was paid on 3 February 2016.

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 2015 which will be published on the website of the Stock Exchange (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
Chairman and Chief Executive Officer

Hong Kong, 24 February 2016

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. Ding Xiaobin and Mr. Wang Charles Hongxin and the independent non-executive Directors are Dr. Cheung Wai Bun Charles, Mr. Zeng Xianggao and Mr. Li Cailin.