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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)

**VOLUNTARY ANNOUNCEMENT
SUBSCRIPTION OF NEW SHARES IN
CHINA CITY INFRASTRUCTURE GROUP LIMITED
AND
RESUMPTION OF TRADING**

THE SUBSCRIPTION

The Board is pleased to announce that on 30 May 2016 (after trading hours), the Company as the subscriber and China City Infrastructure as the issuer entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for and China City Infrastructure has conditionally agreed to allot and issue the Subscription Shares for a total consideration of HK\$204,000,000.

The Subscription Shares comprise 408,000,000 new shares in China City Infrastructure, representing (i) approximately 19.96% of the entire issued share capital in China City Infrastructure as at the date of the Subscription Agreement; and (ii) approximately 16.64% of the entire issued share capital in China City Infrastructure as enlarged by the issue of the Subscription Shares (assuming no further change in the share capital structure of China City Infrastructure from the date of this announcement and up to the completion of the Subscription).

As the date of this announcement, the Company owned 196,735,429 shares in China City Infrastructure, representing approximately 9.62% of the entire issued share capital in China City Infrastructure. Upon completion of the Subscription, the Company will own in aggregate 604,735,429 shares in China City Infrastructure, representing approximately 24.66% of the entire issued share capital in China City Infrastructure as enlarged by the issue of the Subscription Shares (assuming no further change in the share capital structure of China City Infrastructure from the date of this announcement and up to the completion of the Subscription).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the main board of the Stock Exchange was suspended from 9:00 a.m. on Tuesday, 31 May 2016, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the main board of the Stock Exchange with effect from 9:00 a.m. on Wednesday, 1 June 2016.

As the completion of the Subscription is subject to the fulfilment of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

This announcement is made by the Company on a voluntary basis.

THE SUBSCRIPTION

The Board is pleased to announce that on 30 May 2016 (after trading hours), the Company as the subscriber and China City Infrastructure as the issuer entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for and China City Infrastructure has conditionally agreed to allot and issue the Subscription Shares for a total consideration of HK\$204,000,000.

THE SUBSCRIPTION AGREEMENT

Date: 30 May 2016

Parties: (1) the Company (as the subscriber); and
(2) China City Infrastructure Group Limited (as the issuer)

As the date of this announcement, the Company owned 196,735,429 shares in China City Infrastructure, representing approximately 9.62% of the entire issued share capital in China City Infrastructure.

Save as disclosed, to the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the date of this announcement, each of China City Infrastructure and its ultimate beneficial owners is an Independent Third Party.

The Subscription Shares

The Subscription Shares comprise 408,000,000 new shares in China City Infrastructure, representing (i) approximately 19.96% of the entire issued share capital in China City Infrastructure as at the date of the Subscription Agreement; and (ii) approximately 16.64% of the entire issued share capital in China City Infrastructure as enlarged by the issue of the Subscription Shares (assuming no further change in the share capital structure of China City Infrastructure from the date of this announcement and up to the completion of the Subscription).

Consideration

The total consideration for the Subscription Shares is in the amount of HK\$204,000,000, which represents a subscription price of HK\$0.50 per Subscription Share.

The total consideration for the Subscription Shares was arrived at after arm's length negotiations between the Company and China City Infrastructure, with reference to (i) the recent trading performance of the shares in China City Infrastructure, and (ii) the scale of business of China City Infrastructure. The Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The total consideration for the Subscription Shares is payable in cash by the Company with 5 Business Days after the fulfillment of the conditions precedent as set out below, and will be financed by internal resources of the Group.

Conditions precedent

The completion of the Subscription is conditional upon fulfilment of the following conditions:

1. the Stock Exchange granting an approval for the listing of and permission to deal in the Subscription Shares to be issued, and such approval not being subsequently revoked prior to the completion of the Subscription;
2. if necessary, the approval by the shareholders of China City Infrastructure at an extraordinary general meeting of China City Infrastructure, among other things, an ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder;

3. if necessary, the approval by the Shareholders at a special general meeting of the Company, among other things, an ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder; and
4. SFC giving confirmation that the Company and any other shareholders of China City Infrastructure will not be persons acting in concert for the purpose of the Takeovers Code, and none of the aforementioned persons will have the obligation to make a mandatory general offer pursuant to the Takeovers Code, as a result of the Subscription.

Each of the Company and China City Infrastructure shall use their best endeavours to procure the fulfilment of the conditions precedent to the Subscription. If the above conditions precedent are not fulfilled on or before 26 August 2016 (or such later date as may be agreed between the Company and China City Infrastructure in writing), the Subscription Agreement shall terminate and neither of the parties thereto will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

Completion of the Subscription

The completion of the Subscription will take place on the Completion Date in accordance with the terms of the Subscription Agreement.

Upon the completion of the Subscription, the Company will own in aggregate 604,735,429 shares in China City Infrastructure, representing approximately 24.66% of the entire issued share capital in China City Infrastructure as enlarged by the issue of the Subscription Shares (assuming no further change in the share capital structure of China City Infrastructure from the date of this announcement and up to the completion of the Subscription). Upon completion of the Subscription, China City Infrastructure will be accounted as an investment of the Company.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves, and with the other shares of China City Infrastructure in issue as at the date of allotment and issue of the Subscription Shares, including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of the completion of the Subscription.

Lock-up Period

The Company undertakes to China City Infrastructure that, unless with the prior written consent of China City Infrastructure, it shall not sell the Subscription Shares in the secondary market within a period of one year from the Completion Date.

INFORMATION ON THE GROUP AND THE CHINA CITY INFRASTRUCTURE GROUP

The Group is principally engaged in the investment of listed and unlisted companies established and/or doing business in Hong Kong and the PRC.

The China City Infrastructure Group is principally engaged in the natural gas business, the infrastructure business, property development, property investment, hotel business and property management in the PRC.

Set out below is the audited consolidated financial information of China City Infrastructure, for the two years ended 31 December 2014 and 2015, extracted from its audited consolidated financial statements:

	For the year ended	
	31 December	31 December
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	232,170	481,935
Profit (Loss) before tax	122,249	(146,070)
Profit (Loss) after tax	57,900	(181,640)

The audited net assets of China City Infrastructure as at 31 December 2015 was approximately HK\$1,898,816,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is actively exploring opportunities to expand its investment horizon and to enhance the investment return of the Group and the Shareholders as a whole. The Board takes the view that the economy in the PRC will grow continuously, bringing about demand for infrastructure business in the PRC, including but not limited to property management services. Further, the China City Infrastructure Group is expanding in its businesses to include but not limited to, natural gas sales and distribution and natural gas pipeline construction. As at the date of this announcement, the China City Infrastructure Group had acquired five natural gas project companies in Hunan Province, Jiangxi Province and Guangxi.

The 13th Five-Year Plan (2016-2020) encourages the development of clean energy including but not limited to, natural gas as one of the key for the PRC's energy planning, and aims to increase the demand for natural gas to over 10% by 2020. The China City Infrastructure Group is likely to continue to benefit from the development of clean energy in the PRC pursuant to the 13th Five-Year Plan.

The Directors consider that the Subscription Agreement is entered into on normal commercial terms following arm's length negotiations between the Company and China City Infrastructure, and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the main board of the Stock Exchange was suspended from 9:00 a.m. on Tuesday, 31 May 2016, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the main board of the Stock Exchange with effect from 9:00 a.m. on Wednesday, 1 June 2016.

As the completion of the Subscription is subject to the fulfilment of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“China City Infrastructure”	China City Infrastructure Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2349)
“China City Infrastructure Group”	China City Infrastructure and its subsidiaries
“Company”	China Financial International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 721)
“Completion Date”	the date which is the tenth (10th) Business Day after satisfaction of all the conditions precedent under the Subscription Agreement, or such other date as may otherwise be agreed by the Company and China City Infrastructure in writing

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Company pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 May 2016 and entered into between the Company and China City Infrastructure in respect of the Subscription

“Subscription Shares”	the 408,000,000 new shares to be allotted and issued by China City Infrastructure and to be subscribed by the Company pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman and Chief Executive Officer

Hong Kong, 31 May 2016

As at the date of this announcement, the executive Directors are Mr. Du Lin Dong and Mr. Pong Po Lam, the non-executive Director is Mr. Ding Xiaobin and the independent non-executive Directors are Dr. Cheung Wai Bun Charles, Mr. Zeng Xianggao and Mr. Li Cailin.