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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 2016

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 2016 (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 2016

	<i>Notes</i>	2016 HK\$’000	2015 <i>HK\$’000</i>
Revenue	5	5,548	2,126
Other income and gains	5	4,599	2,234
Net change in fair value of financial assets	6	(244,586)	45,212
Impairment loss on available-for-sale financial assets		(223,577)	(516)
Impairment loss on other receivables		(4,199)	–
Finance costs	7	(6,000)	(25,265)
Administrative expenses		(22,929)	(25,386)
Share of loss of an associate		(63)	(13)
Loss before tax	8	(491,207)	(1,608)
Income tax credit	9	1,678	982
Loss for the year		(489,529)	(626)

	<i>Notes</i>	2016 HK\$'000	2015 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		(188,583)	(10,538)
Reclassification adjustment for loss included in profit or loss			
– Impairment loss		223,577	516
Income tax effect		1,835	(399)
		36,829	(10,421)
Exchange differences on translation of foreign operations		(11,097)	(746)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		25,732	(11,167)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		25,732	(11,167)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(463,797)	(11,793)
Loss per share attributable to ordinary equity holders of the parent			
– Basic	<i>10(a)</i>	HK(5.590) cents	HK(0.013) cents
– Diluted	<i>10(b)</i>	HK(5.590) cents	HK(0.013) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,864	125
Investment in an associate		353	416
Available-for-sale financial assets		323,615	325,232
Financial assets at fair value through profit or loss		<u>276,418</u>	<u>550,542</u>
Total non-current assets		<u>602,250</u>	<u>876,315</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		180,831	178,346
Prepayments, deposits and other receivables		415,143	39,685
Cash and cash equivalents		<u>657,542</u>	<u>287,295</u>
Total current assets		<u>1,253,516</u>	<u>505,326</u>
CURRENT LIABILITIES			
Convertible bond		–	278,816
Due to a related company		–	15
Due to an associate		80	97
Other payables and accruals		2,370	217,845
Tax payable		<u>4,200</u>	<u>4,200</u>
Total current liabilities		<u>6,650</u>	<u>500,973</u>
NET CURRENT ASSETS		<u>1,246,866</u>	<u>4,353</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,849,116</u>	<u>880,668</u>
NON-CURRENT LIABILITIES			
Interest bearing loans		62,974	62,965
Deferred tax liabilities		<u>1,054</u>	<u>4,567</u>
		<u>64,028</u>	<u>67,532</u>
Net assets		<u><u>1,785,088</u></u>	<u><u>813,136</u></u>
EQUITY			
Share capital		109,717	46,717
Reserves		<u>1,675,371</u>	<u>766,419</u>
TOTAL EQUITY		<u>1,785,088</u>	<u>813,136</u>
Net asset value per share	11	<u><u>HK16.27 cents</u></u>	<u><u>HK17.41 cents</u></u>

NOTES TO FINANCIAL STATEMENTS

30 June 2016

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 (“HKICPA”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. They 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 Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the year ended 30 June 2016. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</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

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 is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group’s financial assets.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The Group expects to adopt the amendments from 1 July 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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 and natural gas
- c) others (includes guarantee service, investment and management 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 and natural gas HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 30 June 2016				
Segment results	<u>(470,039)</u>	<u>(5,396)</u>	<u>12,820</u>	(462,615)
Share of loss of an associate				(63)
Unallocated income				4,599
Unallocated expenses				<u>(33,128)</u>
Loss before tax				(491,207)
Income tax credit				<u>1,678</u>
Loss for the year				<u>(489,529)</u>
Year ended 30 June 2015				
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>

Segment results represent gain on disposal of unlisted investments, net unrealised loss on financial assets at FVTPL, impairment loss on 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:

	2016 HK\$'000	2015 HK\$'000
Micro-loan service	296,283	766,967
Real estate and natural gas	407,128	169,193
Others	<u>77,453</u>	<u>117,960</u>
Total segment assets	780,864	1,054,120
Unallocated assets	<u>1,074,902</u>	<u>327,521</u>
	<u>1,855,766</u>	<u>1,381,641</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 2016 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

	Listed investments HK\$'000	Unlisted investments HK\$'000	Total HK\$'000
Year ended 30 June 2016			
<i>Included in profit or loss:</i>			
Realised gain:			
Financial assets at FVTPL	–	44,088	44,088
Unrealised loss:			
Financial assets at FVTPL	(50,468)	(238,206)	(288,674)
Impairment loss:			
Available-for-sale financial assets	–	(223,577)	(223,577)
Total loss included in profit or loss	<u>(50,468)</u>	<u>(417,695)</u>	<u>(468,163)</u>
<i>Included in other comprehensive income (“OCI”):</i>			
Unrealised gain/(loss):			
Available-for-sale financial assets	39,300	(227,883)	(188,583)
Reclassification of impairment loss:			
Available-for-sale financial assets	–	223,577	223,577
Total gain/(loss) included in OCI	<u>39,300</u>	<u>(4,306)</u>	<u>34,994</u>
Total loss for the year	<u>(11,168)</u>	<u>(422,001)</u>	<u>(433,169)</u>
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 gain/(loss) included in profit or loss	<u>78,682</u>	<u>(33,986)</u>	<u>44,696</u>
<i>Included in OCI:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(10,538)	(10,538)
Reclassification of impairment loss:			
Available-for-sale financial assets	–	516	516
Total loss included in OCI	<u>–</u>	<u>(10,022)</u>	<u>(10,022)</u>
Total gain/(loss) for the year	<u>78,682</u>	<u>(44,008)</u>	<u>34,674</u>

5. REVENUE, OTHER INCOME AND GAINS

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

	2016	2015
	HK\$'000	HK\$'000
Revenue		
Dividend income from unlisted investments	<u>5,548</u>	<u>2,126</u>
Other income and gains		
Bank interest income	3,178	1,202
Exchange gain on dissolution of a representative office	–	109
Exchange gain	1,417	923
Miscellaneous	<u>4</u>	<u>–</u>
	<u>4,599</u>	<u>2,234</u>

The Group's turnover comprises sales proceeds from disposal of investments amounting to HK\$404,088,000 (2015: HK\$56,161,000) and dividend income of HK\$5,548,000 (2015: HK\$2,126,000) for the year.

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	2016	2015
	HK\$'000	HK\$'000
Net realised gain on disposal of an available-for-sale financial asset	–	2
Net realised gain on disposal of financial assets at FVTPL (note)	44,088	698
Net unrealised (loss)/gain on financial assets at FVTPL	<u>(288,674)</u>	<u>44,512</u>
	<u>(244,586)</u>	<u>45,212</u>

Note:

The Company and Irena Culture Co., Ltd. (formerly known as Beijing Irena Culture Co., Ltd.) (“Irena”) 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 on the Stock Exchange, through Glassy Mind Holdings Limited (“Glassy Mind”) at an investment amount of HK\$1,130,000,000. The Group held 30% of the equity holdings of Glassy Mind. Accordingly, the Company contributed HK\$360,000,000 on 3 February 2016 and Irena through its wholly-owned subsidiary, Yi Jia Investment Limited, contributed HK\$770,000,000, respectively to Glassy Mind for the said acquisition. On 30 June 2016, Irena bought back the 30% issued share capital in Glassy Mind owned by the Group in accordance with the Strategic Cooperation Agreement at a consideration of HK\$404,088,000, which contributed a gain of approximately HK\$44,088,000 to the Group during the year.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on a convertible bond wholly repayable within five years	419	22,115
Interest on other loans	5,581	3,150
	<u>6,000</u>	<u>25,265</u>

8. LOSS BEFORE TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	730	680
– non-audit services	286	284
Custodian fee	153	154
Depreciation	252	81
Investment management fee	886	1,049
Minimum operating lease payments in respect of properties	1,724	1,350
Equity-settled share option expenses to a former director	440	–
Staff costs, excluding directors' remuneration:		
Salaries and wages	6,729	4,887
Pension scheme contributions	94	77
	<u>6,729</u>	<u>4,887</u>

9. INCOME TAX

Income tax in the financial statements represents:

	2016 <i>HK\$'000</i>	2015 <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	(1,678)	(1,085)
	<u>(1,678)</u>	<u>(1,085)</u>
Total tax credit for the year	<u>(1,678)</u>	<u>(982)</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 years ended 30 June 2015 and 30 June 2016.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the parent of HK\$489,529,000 (2015: HK\$626,000), and the weighted average number of ordinary shares of 8,757,913,000 (2015: 4,668,470,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2016	2015
	Number of	Number of
	shares	shares
	'000	'000
Issued ordinary shares	4,671,634	4,660,634
Effect of exercise of share options	28,792	7,836
Effect of conversion of the convertible bond	549,290	–
Effect of share placing	3,508,197	–
	<hr/>	<hr/>
Weighted average number of ordinary shares	<u>8,757,913</u>	<u>4,668,470</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 2016 and 2015 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 the net asset value per share is based on the net assets of the Group as at 30 June 2016 of HK\$1,785,088,000 (2015: HK\$813,136,000) and on 10,971,634,000 ordinary shares being in issue as at 30 June 2016 (2015: 4,671,634,000 ordinary shares).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in the investments in the listed securities for short and medium term and unlisted investments for medium and long term during the Year.

During the Year, a net loss attributable to ordinary equity shareholders of the Company (the “Shareholders”) amounted to HK\$489,529,000 as compared to a loss of HK\$626,000 for the year ended 30 June 2015. The loss has been partly offset by a gain of HK\$44,088,000 as disclosed in note (4) under the section headed “UNLISTED INVESTMENT REVIEW” below. The loss was mainly attributable to the following reasons:

- (i) unrealised loss of approximately HK\$50,468,000 on listed investments at fair value through profit or loss;
- (ii) unrealised loss of approximately HK\$238,206,000 on unlisted investments at fair value through profit or loss;
- (iii) impairment loss of approximately HK\$223,577,000 on available-for-sale financial assets; and
- (iv) impairment loss of approximately HK\$4,199,000 on other receivables.

During the Year, dividend income from investments increased by 160.96% to HK\$5,548,000 as compared to HK\$2,126,000 in last year. The other income which comprised interest income, exchange gain and miscellaneous gain amounted to HK\$4,599,000, representing an increase of 105.86% as compared to HK\$2,234,000 in last year. Administrative expenses decreased by 9.68% from HK\$25,386,000 in last year to HK\$22,929,000 this year mainly due to the decrease of Directors’ remuneration.

LISTED INVESTMENT REVIEW

On 21 June 2016, the Company and China City Infrastructure Group Limited (“China City Infrastructure”) entered into the share subscription agreement to subscribe for 262,000,000 new shares of China City Infrastructure for a total subscription price of HK\$131,000,000 at HK\$0.50 per share (the “Share Subscription”). The transaction was completed on 28 June 2016 and recorded as an available-for-sale financial asset.

During the Year, the Group recorded a loss of HK\$11,168,000 on listed securities business, while the Group recorded a gain of HK\$78,682,000 last year. No dividend income from listed investments was received during the Year and last year.

As at 30 June 2016, the total market value of held-for-trading listed securities and available-for-sale listed securities increased to HK\$298,178,000 (2015: HK\$178,346,000) due to the Share Subscription, 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 2016 HK\$'000
Hidili Industry International Development Limited ("Hidili Industry") (Note)	Coal mining and manufacture and sales of clean coal	12,369,000	0.60	–
China City Infrastructure	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	458,735,429	19.89	298,178
				<hr/> <u>298,178</u>

Note:

As at 30 June 2016, the Group held 12,369,000 shares in Hidili Industry, representing approximately 0.60% of the issued share capital of Hidili Industry. The shares of Hidili Industry have been suspended for trading since 1 April 2016 due to delay in publication of annual results, which management considered as an indication for impairment. As a result, the fair value of Hidili Industry amounting to HK\$2,412,000 was fully impaired during the Year.

UNLISTED INVESTMENT REVIEW

For the year ended 30 June 2016, the loss on the Group's unlisted investment portfolio recorded as HK\$422,001,000 (2015: HK\$44,008,000). The loss has been partly offset by a gain of HK\$44,088,000 as disclosed in note (4) below. 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\$5,548,000, representing a 160.96% increase as compared to HK\$2,126,000 in last year.

As at 30 June 2016, the fair value of the Group's unlisted investments amounted to HK\$482,686,000 as compared to HK\$875,774,000 in last year, representing a 44.88% decrease.

Unlisted Investment Portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2016 HK\$'000	Impairment loss during the Year HK\$'000	Dividend received/receivable during the Year HK\$'000
Micro-loan service								
1	Jingdezhen CFI Guosen Microfinance Co., Ltd.	(1) Jingdezhen, Jiangxi Province	40%	Provision of small loan and financial consultation services	188,690	–	188,690	–
2	TianJin XEDA Microfinance Co., Ltd.	Tianjin	30%	Provision of small loan and financial consultation services	72,450	43,628	28,822	3,544
3	Tianjin Rongshun Microfinance Limited	Tianjin	30%	Provision of small loan and financial consultation services	36,606	12,885	N/A	–
4	THC RongShun Micro-Loan Company Limited	Tianjin	10%	Provision of small loan and financial consultation services	12,189	7,352	N/A	429
5	Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	N/A	–
6	Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	(2) Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901	8,159	N/A	–
7	Tianjin Binlian Microfinance Limited	(3) Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	4,457	N/A	–
8	Ezhou Zhongjinguotou Microfinance Limited	Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000	117,833	N/A	–
9	Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	40,013	N/A	–
10	Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.	Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	13,930	N/A	–
11	Tianjin Rongyang Micro-Loan Limited	Tianjin	30%	Provision of small loan and financial consultation services	36,741	17,189	N/A	–
12	Zhenjiang CFI Guosen Technology Microfinance Corporation Limited	Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	30,837	N/A	1,575
Sub-total:					784,818	296,283	217,512	5,548

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2016 HK\$'000	Impairment loss during the Year HK\$'000	Dividend received/receivable during the Year HK\$'000
Guarantee service								
13	Jiangxi Huazhang Hanchen Guarantee Group Limited	Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150	53,690	-	-
Investment and management consultation service								
14	Shenzhen Zhongtounjinxin Asset Management Company Limited	Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	-	6,065	-
15	Xi'an Kairong Financial Service Limited	Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	14,085	N/A	-
16	Hubei Zhongjin Tech Financial Services Co., Ltd.	Wuhan, Hubei Province	30%	Provision of financial management services	19,030	9,678	N/A	-
				Sub-total:	56,104	23,763	6,065	-
Investment holding								
17	Glassy Mind Holding Limited ("Glassy Mind")	(4) British Virgin Islands	30%	Investment holding	-	-	N/A	-
Real estate & natural gas								
18	China City Infrastructure	(5) Cayman Islands	N/A	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	73,000	108,950	N/A	-
				Total:	957,072	482,686	223,577	5,548

Notes:

- On 1 June 2016, the Group's equity interest of Jingdezhen CFI Guosen Microfinance Co., Ltd. changed from 30% to 40% due to share accretion. The Group's voting right in Jingdezhen CFI Guosen Microfinance Co., Ltd. remains at 30% as approved by the shareholders' resolution of Jingdezhen CFI Guosen Microfinance Co., Ltd..
- On 20 April 2016, the Company entered into a disposal agreement to dispose of its equity interest in Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. to an independent third party for a cash consideration of RMB23,325,000. 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.
- 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 certain conditions have not been satisfied, the disposal transaction was terminated on 14 July 2016.

- (4) The Company and Irena Culture Co., Ltd. (formerly known as Beijing Irena Culture Co., Ltd.) (“Irena”) 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 on the Stock Exchange, through Glassy Mind at an investment amount of HK\$1,130,000,000. The Group held 30% of the equity holdings of Glassy Mind. Accordingly, the Company contributed HK\$360,000,000 on 3 February 2016 and Irena through its wholly-owned subsidiary, Yi Jia Investment Limited, contributed HK\$770,000,000, respectively to Glassy Mind for the said acquisition. On 30 June 2016, Irena bought back the 30% issued share capital in Glassy Mind owned by the Group in accordance with the Strategic Cooperation Agreement at a consideration of HK\$404,088,000, which contributed a gain of approximately HK\$44,088,000 to the Group during the Year.
- (5) On 21 June 2016, the Company and China City Infrastructure entered into the convertible bond subscription agreement to subscribe for the convertible bond of China City Infrastructure in the principal amount of HK\$73,000,000 at the initial conversion price of HK\$0.50 per conversion share with a maximum number of 146,000,000 conversion shares (the “CB Subscription”). The transaction was completed on 28 June 2016 and recorded as an available-for-sale financial asset.

PROSPECT

Looking ahead, the global economic and operating environment is full of challenges and uncertainty. The Group will focus on the investments of the insurance and financial services industry, the clean energy industry, and the leisure sports vacation industry cautiously; and will seek potential investment opportunities to diversify its business portfolio with an aim to maximise value for 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 materialise the investments, to increase the value of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 June 2016, the Group had cash and cash equivalents of HK\$657,542,000 (2015: HK\$287,295,000). Majority of the cash and bank balances denominated in Hong Kong dollars, United States 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 2016 was approximately 188.50 times (2015: 1.01 times), gearing ratio (total liabilities to total assets) of the Group as at 30 June 2016 was approximately 3.81% (2015: 41.15%).

The Group did not have any bank borrowing as at 30 June 2016 (2015: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2015: Nil).

CHARGES ON THE GROUP’S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2016, there were no charges on the Group’s assets and the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE AND USE OF PROCEEDS

- (a) During the year ended 30 June 2016, the Company has issued 40,000,000 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\$17,000,000, of which HK\$400,000 was credited to share capital, while HK\$21,946,000 was credited to the share premium, the share option reserve was decreased by HK\$5,346,000.
- (b) During the year ended 30 June 2016, 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, the equity component of the convertible bond disclosed in consolidated statement of changes in equity has been decreased by HK\$7,231,000.
- (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 (the “Subscriptions”) to three independent investors. The net proceeds from the Subscriptions were approximately HK\$1,139,664,000, out of which HK\$57,000,000 was recorded in share capital, while HK\$1,082,664,000 was credited to share premium after netting off issuing expenses.

The net proceeds of (i) approximately HK\$360,000,000 are applied for the short term investment financing with a guaranteed return, for more details, please refer to the circular of the Company dated 21 December 2015, (ii) approximately HK\$131,000,000 are applied for Share Subscription of China City Infrastructure, (iii) approximately HK\$73,000,000 are applied for CB Subscription of China City Infrastructure, for more details, please refer to the announcement of the Company dated 21 June 2016; (iv) approximately HK\$200,000,000 are applied for secondary market of listed securities in Hong Kong; and (v) approximately HK\$200,000,000 are applied for the subscription of the 9% secured three-year bond.

The unutilised net proceeds of approximately HK\$175,664,000 shall be applied as follows:

- (a) approximately HK\$76,000,000 for equity investments in insurance and financial services; and
- (b) approximately HK\$99,664,000 as general working capital of the Group.

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

As at 30 June 2016, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$1,785,088,000 (2015: HK\$813,136,000) and approximately 10,971,634,000 (2015: 4,671,634,000), respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions. During the Year, transactions in Renminbi were not significant, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 15 (2015: 14) employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Year was HK\$10,927,000 (2015: HK\$13,319,000). 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 of the Company (the "Audit Committee") 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 risk management system, and financial reporting matters including the review of this announcement and financial statements of the Group for the year ended 30 June 2016.

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 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. The positions of both chairman and chief executive officer of the Company have been held by Mr. Du Lin Dong during the Year. 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 special general meetings of the Company both 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; and Mr. Zeng Xianggao and Mr. Li Cailin were unable to attend the special general meeting of the Company held on 7 January 2016.
- (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 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.

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) On 20 March 2015, the Company entered into a disposal agreement to dispose of all of its equity interests in Tianjin Binlian Mircofinance Limited to an independent third party for a cash consideration of RMB10,000,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 14 July 2016.
- (b) The Company through its direct wholly-owned subsidiary, Joy State Holdings Limited, entered into a subscription agreement dated 8 September 2016 as subscriber with Hollys (China) Limited as issuer and Mr. Xiao Yan as guarantor, in relation to the subscription of the 9% secured three-year bond in the principal amount of HK\$200,000,000. As at the date of this announcement, the transaction has not been completed. The Directors expect the transaction will be completed on or before 30 September 2016.

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, 23 September 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, JP, Mr. Li Cailin and Mr. Zeng Xianggao.