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 2018

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 2018 as follows:

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

For the six months ended 31 December 2018

		Unaudited Six months ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**28,601**	32,084
Other income and gains	*5*	**70,573**	888
Net change in fair value of financial assets	*6*	**(33,127)**	23,694
Finance costs	*7*	**(1,588)**	(1,601)
Administrative expenses		**(19,185)**	(23,860)
Share of profit from an associate		**45**	205
Profit before income tax	*8*	**45,319**	31,410
Income tax expense	*9*	**(29,424)**	(3)
Profit for the period		**15,895**	31,407

	Notes	Unaudited Six months ended 31 December **2018** ***HK$'000***	 2017 *HK$'000*
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
– Change in fair value of equity instrument at fair value through other comprehensive income		**(36,156)**	–
Items that may be reclassified subsequently to profit or loss:			
– Change in fair value of debt instrument at fair value through other comprehensive income		**(62,960)**	(58,229)
– Reversal of impairment loss on financial assets at fair value through other comprehensive income		**(4,626)**	–
– Effective interest income from financial assets at fair value through other comprehensive income		**(58,900)**	–
– Exchange difference on translation of foreign operations		**(347)**	11,413
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(162,989)**	(46,816)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(147,094)**	(15,409)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic	*11(a)*	**HK0.14 cents**	HK0.29 cents
– Diluted	*11(b)*	**HK0.14 cents**	HK0.29 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	**Unaudited 31 December 2018** *HK$'000*	Audited 30 June 2018 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**633**	770
Investment in an associate		**1,073**	1,028
Available-for-sale financial assets		**–**	174,407
Financial assets at fair value through other comprehensive income		**116,650**	–
Financial assets at fair value through profit or loss		**537,344**	725,262
Deposits paid		**54,571**	157,753
Total non-current assets		**710,271**	1,059,220
CURRENT ASSETS			
Financial assets at fair value through other comprehensive income		**395,608**	–
Financial assets at fair value through profit or loss		**246,184**	338,559
Prepayments, deposits and other receivables		**26,858**	34,461
Cash and cash equivalents		**80,301**	153,935
Total current assets		**748,951**	526,955
CURRENT LIABILITIES			
Other payable and accruals		**31,409**	35,944
Receipt in advance		**22,500**	22,500
Due to a related company		**10**	–
Due to an associate		**124**	188
Tax payable		**3,866**	4,485
Total current liabilities		**57,909**	63,117
NET CURRENT ASSETS		**691,042**	463,838
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,401,313**	1,523,058
NON-CURRENT LIABILITIES			
Interest bearing loans		**62,975**	62,975
Deferred tax liability		**29,522**	–
NET ASSETS		**1,308,816**	1,460,083
EQUITY			
Share capital		**109,717**	109,717
Reserves		**1,199,099**	1,350,366
TOTAL EQUITY		**1,308,816**	1,460,083
Net asset value per share	*12*	**HK11.93 cents**	HK13.31 cents

Notes:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI") 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 are unaudited, but have been reviewed by BDO Limited 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 HKICPA.

The unaudited 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 30 June 2018. The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2018, except for the adoption of the new or revised HKFRSs (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed below.

2.1 Adoption of New or Revised HKFRSs – effective 1 July 2018

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 July 2018.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)–Interpretation 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments has been summarised below. The adoption of other new or revised HKFRSs has no significant impact on the Group's accounting policies.

HKFRS 9 – Financial Instruments

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and accumulated losses as of 1 July 2018 as follows:

	Notes	*HK$'000*
Accumulated losses		
Accumulated losses as at 30 June 2018		(968,951)
Reclassify investments from financial assets at FVTPL to financial assets at FVTOCI	*(i)(b)*	111,432
Reclassify investments from available-for-sale financial assets to financial assets at FVTPL	*(i)(c)*	3,968
Increase in expected credit losses ("ECLs") for financial assets at amortised cost	*(ii)*	(4,173)
Increase in ECLs for debt instruments at FVTOCI	*(ii)*	(27,635)
Restated accumulated losses as at 1 July 2018		(885,359)
Available-for-sales financial assets revaluation reserve		
Reserves balances at 30 June 2018		(21,920)
Reclassify investments from available-for-sale financial assets to financial assets at FVTOCI	*(i)(a)*	25,888
Reclassify investments from available-for-sale financial assets to financial assets at FVTPL	*(i)(c)*	(3,968)
Restated available-for-sale financial assets revaluation reserves balance as at 1 July 2018		–
Financial assets at FVTOCI reserve		
Reserves balances at 30 June 2018		–
Reclassify investments from available-for-sale financial assets to financial assets at FVTOCI	*(i)(a)*	(25,888)
Reclassify investments from financial assets at FVTPL to financial assets at FVTOCI	*(i)(b)*	(111,432)
Increase in ECLs for debt instruments at FVTOCI	*(ii)*	27,635
Restated financial assets at FVTOCI reserve balance as at 1 July 2018		(109,685)

(i) *Classification and measurement of financial instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the unaudited interim condensed consolidated financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below:

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at FVTOCI; or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVTOCI (debt investments)	Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVTOCI (equity investments)	Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

(a) As of 1 July 2018, certain equity investments in listed and unlisted entities were reclassified from available-for-sale financial assets at FVTOCI to financial assets at FVTOCI. The Group intends to hold these equity investments for long term strategic purposes. Under HKFRS 9, the Group has designated these equity investments at the date of initial application as financial assets measured at FVTOCI. As a result, financial assets with a fair value of HK$152,806,000 were reclassified from available-for-sale financial assets at FVTOCI to financial assets at FVTOCI and the fair value losses of HK$25,888,000 were reclassified from available-for-sale financial assets revaluation reserve to financial assets at FVTOCI reserve on 1 July 2018.

(b) In addition to (a) above, unlisted bond investments previously accounted for as financial assets at FVTPL were reclassified to financial assets at FVTOCI, as the Group's business model is to collect contractual cash flow and sell these financial assets. These unlisted bond investments meet the SPPI criterion of HKFRS 9. As such, these unlisted bond investments with fair value of HK$458,568,000 were reclassified from financial assets at FVTPL to financial assets at FVTOCI and a fair value loss of HK$111,432,000 was reclassified from the accumulated losses to financial assets at FVTOCI reserve on 1 July 2018.

(c) As at 30 June 2018, the Group holds a hybrid instrument that included non-derivative host contract and embedded derivatives. Under HKAS 39, the non-derivative host contract, representing the bond component, has been designated as an available-for-sale financial asset at FVTOCI. The embedded derivatives, representing the conversion option which allows the Group to convert the bond into ordinary shares of the bond issuer at an established conversion, has been designated as a derivative financial instrument at fair value.

Upon adoption of HKFRS 9, the non-derivative host contract was reclassified from available-for-sale financial asset at FVTOCI to financial assets at FVTPL. It is because the hybrid financial instrument is assessed as a whole for the classification. As the entire hybrid instrument failed the SPPI criterion of HKFRS 9, it should be classified as financial asset at FVTPL on 1 July 2018. As a result, a financial asset with a fair value of HK$21,601,000 was reclassified from available-for-sale financial asset at FVTOCI to financial asset at FVTPL and a fair value gain of HK$3,968,000 was reclassified from available-for-sale financial assets revaluation reserve to accumulated losses on 1 July 2018.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 July 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 July 2018 under HKFRS 9** *HK$'000*
Listed equity investments	Available-for–sale financial assets (at fair value) *(note 2.1(i)(a))*	Financial assets at FVTOCI	104,800	104,800
Unlisted equity investments	Available-for–sale financial assets (at fair value) *(note 2.1(i)(a))*	Financial assets at FVTOCI	48,006	48,006
Non-derivative host contract	Available-for–sale financial assets (at fair value) *(note 2.1(i)(c))*	Financial assets at FVTPL	21,601	21,601
Derivative financial instrument	Financial assets at FVTPL *(note 2.1(i)(c))*	Financial assets at FVTPL	3,040	3,040
Listed equity investments	Financial assets at FVTPL	Financial assets at FVTPL	335,519	335,519
Unlisted equity investments	Financial assets at FVTPL	Financial assets at FVTPL	266,694	266,694
Unlisted bond investments, secured	Financial assets at FVTPL *(note 2.1(i)(b))*	Financial assets at FVTOCI	458,568	458,568
Deposit and other receivables	Loans and receivables	Financial assets amortised cost	191,851	191,851
Cash and cash equivalents	Loans and receivables	Financial assets amortised cost	153,935	153,935

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognised ECL for deposits and other receivables, financial assets at amortised costs and debt investments at FVTOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For the Group's debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. However, when there has been a significant increase in credit risk since origination, the loss allowance will be estimated based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investments at FVTOCI are considered to have low credit risk since most of them were supported by corresponding pledged assets of which their fair value is sufficient to recover the debts.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group's financial assets at amortised cost includes deposits and other receivables and deposits paid for investments. Applying the ECL model result in the recognition of loss allowances for financial assets at amortised cost of HK$4,173,000 on 1 July 2018 and the loss allowances further increased by HK$1,457,000 for the six months ended 31 December 2018.

Debt investments at FVTOCI of the Group include unlisted bond investments. Applying the ECL model result in the recognition of loss allowances for debt investments at FVTOCI of HK$27,635,000 on 1 July 2018 and a reversal of loss allowance of HK$4,626,000 was made for the six months ended 31 December 2018.

As a result of the above changes, the impact of the new HKFRS 9 impairment model results in additional loss allowances is as follow:

	HK$'000
Loss allowance as at 1 July 2018 under HKAS 39	–
Loss allowances recognised for financial assets at amortised cost	4,173
Loss allowances recognised for debt investments at FVTOCI	27,635
Loss allowance as a 1 July 2018 under HKFRS 9	31,808

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the reclassification are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the consolidated statement of financial position on 1 July 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 July 2018. Accordingly, the information presented for June 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVTOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

2.2 Issued but not yet effective HKFRSs

The Group has not applied the following new or revised HKFRSs that have been issued but not yet effective, in these unaudited interim condensed consolidated financial statements.

Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKAS 1 (Revised)	Presentation of Financial statements[2]
Amendments to HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[2]
Amendments to HKAS 19	Employee Benefits[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3 (Revised)	Business Combinations[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

The Directors do not expect the adoption of these new or revised HKFRSs that have been issued but are not yet effective would result in significant impact on the Group's consolidated results and consolidated financial position.

The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

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) investment in fixed income financial assets
d) 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 resource allocation and performance assessment.

Segment results

	Micro-loan service *HK$'000*	Real estate and natural gas *HK$'000*	Investment in fixed income financial assets *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the six months ended 31 December 2018					
Segment results	**(85,989)**	**62,140**	**87,897**	**(5,637)**	**58,411**
Share of profit from an associate					**45**
Unallocated income					**7,047**
Unallocated expenses					
– Staff costs, including directors' remuneration					**(6,439)**
– Finance costs					**(1,588)**
– Others					**(12,157)**
Profit before income tax					**45,319**
Income tax expense					**(29,424)**
Profit for the period					**15,895**

	Micro-loan service *HK$'000*	Real estate and natural gas *HK$'000*	Investment in fixed income financial assets *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the six months ended 31 December 2017					
Segment results	(27,774)	(5,821)	46,426	42,947	55,778
Share of profit from an associate					205
Unallocated income					888
Unallocated expenses					
– Provision for financial guarantee liabilities					(10,000)
– Staff costs, including directors' remuneration					(7,311)
– Finance costs					(1,601)
– Others					(6,549)
Profit before income tax					31,410
Income tax expense					(3)
Profit for the period					31,407

Segment results represent the net change in fair value of financial assets, loss allowances for interest receivables and deposits paid, loss allowances for financial assets at FVTOCI, the corresponding dividend income and interest income earned from listed and unlisted investments without allocation of central administration expenses and fees to the investment manager.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Unaudited 31 December 2018 ***HK$'000***	Audited 30 June 2018 *HK$'000*
Micro-loan service	**79,529**	165,630
Real estate and natural gas	**714,114**	389,163
Investment in fixed income financial assets	**395,608**	438,569
Others	**106,535**	244,866
Total segment assets	**1,295,786**	1,238,228
Unallocated assets	**163,436**	347,947
	1,459,222	1,586,175

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, investment in an associate, deposit paid, prepayments, deposits and other receivables and cash and cash equivalents.

All liabilities as at 31 December 2018 and 30 June 2018 were unallocated liabilities.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

4. GAIN/(LOSS) ON INVESTMENTS

	Unaudited listed investments *HK$'000*	**Unaudited unlisted investments** *HK$'000*	**Unaudited Total** *HK$'000*
For the six months ended 31 December 2018			
Included in profit or loss:			
Net change in fair value:			
Financial assets at FVTPL	**(60,200)**	**27,073**	**(33,127)**
Total (loss)/gain included in profit or loss	**(60,200)**	**27,073**	**(33,127)**
Included in other comprehensive income ("OCI"):			
Change in fair value:			
Financial asset at FVTOCI	**(30,130)**	**(68,986)**	**(99,116)**
Total loss included in OCI	**(30,130)**	**(68,986)**	**(99,116)**
Total loss for the period	**(90,330)**	**(41,913)**	**(132,243)**

	Unaudited listed investments *HK$'000*	Unaudited unlisted investments *HK$'000*	Unaudited Total *HK$'000*
For the six months ended 31 December 2017			
Included in profit or loss:			
Net change in fair value:			
Financial assets at FVTPL	36,443	(12,749)	23,694
Total gain/(loss) included in profit or loss	36,443	(12,749)	23,694
Included in OCI:			
Change in fair value:			
Available-for-sale financial assets	(49,780)	(8,449)	(58,229)
Total loss included in OCI	(49,780)	(8,449)	(58,229)
Total loss for the period	(13,337)	(21,198)	(34,535)

5. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Dividend income from listed investments	**3,068**	6,565
Interest income from unlisted investments	**25,533**	25,519
	28,601	32,084
Other income and gains		
Bank interest income	**2,799**	55
Effective interest income derived from debt instruments of financial assets at FVTOCI	**58,900**	–
Reversal of loss allowance for debt investments at FVTOCI	**4,626**	–
Reversal of provision for financial guarantee liabilities	**4,248**	–
Exchange gains	**–**	833
	70,573	888

6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Net gain on disposal of financial assets at FVTPL	**5,135**	3,429
Fair value change of financial assets at FVTPL	**(38,262)**	20,265
	(33,127)	23,694

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest on borrowings	**1,588**	1,601

8. PROFIT BEFORE INCOME TAX

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

	Unaudited Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Custodian fee	**97**	94
Depreciation	**144**	142
Investment management fees	**798**	1,368
Minimum operating lease payments in respect of properties	**2,071**	1,154
(Reversal of provision)/Provision for financial guarantee liabilities	**(4,248)**	10,000
Staff costs, including directors' remuneration:		
– Salaries and wages	**6,246**	6,603
– Pension scheme contributions	**93**	81
– Staff quarters expenses	**100**	627

9. INCOME TAX EXPENSE

	Unaudited Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current – PRC		
– Provision for the period	**–**	3
– Overprovision in respect of prior year	**(98)**	–
	(98)	3
Deferred tax – PRC		
– Provision for the period	**29,522**	–
	29,424	3

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the period ended 31 December 2018 (31 December 2017: Nil).

The provision for the PRC Enterprise Income Tax for the Group's subsidiary in the PRC is estimated on the statutory rate of 25% of the assessable profit as determined in accordance with the relevant tax rules and regulations of the PRC (31 December 2017: 25%).

As at 31 December 2018, the Group provided a deferred tax liability of HK$29,522,000 in respect of the fair value gain on certain unlisted equity investments in the PRC.

10. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 31 December 2018 (31 December 2017: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the six months ended 31 December 2018 attributable to owners of the Company of HK$15,895,000 (31 December 2017: HK$31,407,000), and the weighted average number of ordinary shares of 10,971,634,030 (31 December 2017: 10,971,634,030) in issue during the period.

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amount presented for the six months ended 31 December 2018 and 2017 in respect of a dilution as no dilutive potential ordinary shares in existence during the period.

12. 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 31 December 2018 of HK$1,308,816,000 (30 June 2018: HK$1,460,083,000) and 10,971,634,030 ordinary shares in issue as at 31 December 2018 (30 June 2018: 10,971,634,030 ordinary shares).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the investments in the listed and unlisted companies established and/or doing business in Hong Kong and the People's Republic of China (the "PRC" or, "China").

The Group recorded a profit of HK$15,895,000 for the six months ended 31 December 2018 (the "Period"), as compared to a profit of HK$31,407,000 for the same period last year. The profit was mainly attributable to the following reasons:

(i) the interest income of HK$25,533,000 from the unlisted investments; and
(ii) effective interest income derived from debt instruments of financial assets at fair value through other comprehensive income of HK$58,900,000.

The profit is partly offset by change in fair value of listed and unlisted securities of HK$38,262,000 and administrative expenses of HK$19,185,000.

LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total loss of HK$90,330,000 on listed securities business as compared to a loss of HK$13,337,000 for the same period last year. Dividend income of HK$3,068,000 from listed investments was recorded for the Period (31 December 2017: HK$6,565,000).

As at 31 December 2018, the market value of the listed securities amounted to HK$297,174,000 (30 June 2018: HK$440,319,000). All the listed securities 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	Group's effective interest	Market value at 31 December 2018 *HK$'000*	Dividend received during the Period *HK$'000*	% to the Group's net assets as at 31 December 2018
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	12,369,000	0.60%	3,154	–	0.24%
China City Infrastructure Group Limited ("China City Infrastructure")	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	557,735,429	18.13%	159,240	–	12.17%
Sino-Ocean Group Holding Limited	Investment holding, property development and property investment in the PRC	18,555,000	0.24%	63,829	2,948	4.88%
China Communications Construction Co. Ltd.	Infrastructure construction, infrastructure design, dredging and other businesses	9,588,000	0.22%	70,951	120	5.42%
				297,174	3,068	

UNLISTED INVESTMENT REVIEW

For the Period, the total loss on the Group's unlisted investment portfolio recorded as HK$41,913,000 (31 December 2017: HK$21,198,000). The loss was mainly attributable to the decrease in fair value of small loan companies and investments in fixed income financial assets. No dividend income was recorded for the six months ended 31 December 2018 and 2017, the interest income of HK$25,533,000 from the unlisted investments was recorded (31 December 2017: HK$25,519,000).

The fair value of the Group's unlisted investments increased by 25.15% to HK$998,612,000 (30 June 2018: HK$797,909,000).

Unlisted Equity Investments and Unlisted Convertible Bond Investment

The Group's unlisted equity investments are mainly concentrated on small loan companies in 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 slipping performance of the small loan industry, the Group has decided identify potential investors to dispose of part of small loan business. The Group shall from time to time monitor the performance and the progress of downscaling of this segment.

Beside small loan industry, the Group made several investments to clean energy industry during the period. Bioenergy is a carbonneutral and renewable energy source that reducing greenhouse gas emissions. Biofuels such as ethanol and biodiesel, are less toxic and are biodegradable. Using biomass can help build resilience in agricultural, timber and food-processing industries. Bioenergy provides a use for their waste streams, can help them reduce their energy costs. The investments in bioenergy industry is in line with the investment objective of the Company.

Unlisted equity investment and unlisted convertible bond investment portfolio

	Name of company	*Notes*	Location	Group's effective interest	Business nature	Cost *HK$'000*	Fair value at 31 December 2018 *HK$'000*	% to the Group's net assets as at 31 December 2018
Micro-loan service								
1	Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	*(1)*	Jingdezhen, Jiangxi Province	40%	Provision of small loan and financial consultation services	188,690	200	0.02%
2	TianJin XEDA Microfinance Co., Ltd.		Tianjin	30%	Provision of small loan and financial consultation services	72,450	20,000	1.53%
3	Tianjin Rongshun Microfinance Limited		Tianjin	30%	Provision of small loan and financial consultation services	36,606	1,662	0.13%
4	TIIC RongShun Micro-Loan Company Limited		Tianjin	10%	Provision of small loan and financial consultation services	12,189	4,121	0.31%
5	Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")	*(2)*	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	–
6	Tianjin Binlian Microfinance Limited		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	769	0.06%
7	Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	*(3)*	Ezhou, Hubei Province	50%	Provision of small loan and financial consultation services	185,000	19,684	1.50%
8	Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	–	–

Name of company		Notes	Location	Group's effective interest	Business nature	Cost HK$'000	Fair value at 31 December 2018 HK$'000	% to the Group's net assets as at 31 December 2018
Micro-loan service								
9	Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	10,395	0.79%
10	Tianjin Rongyang Micro-Loan Limited		Tianjin	30%	Provision of small loan and financial consultation services	36,741	9,738	0.74%
11	Zhenjiang CFI Guosen Technology Microfinance Corporation Limited		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	12,959	0.99%
					Sub-total:	747,917	79,528	
Guarantee Service								
12	Jiangxi Huazhang Hanchen Guarantee Group Limited	(4)	Nanchang, Jiangxi Province	2.98%	Provision of financing guarantees to small and medium enterprises	43,150	21,780	1.66%
Investment and management consultation service								
13	Shenzhen Zhongtoujinxin Asset Management Company Limited		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	–	–
14	Xi'an Kairong Financial Service Limited		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	6,729	0.51%
15	Hubei Zhongjin Tech Financial Services Co., Ltd.		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	3,921	0.30%
					Sub-total:	56,104	10,650	
Real estate and natural gas								
16	China City Infrastructure	(5)	Cayman Islands	N/A	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	23,000	23,680	1.81%
Clean energy								
17	Henan Tianguan Energy and Biotechnology Company Limited ("Henan Tianguan")	(6)	Henan Province	36%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	225,513	232,202	17.74%
18	Liaoyuan Jufeng Biochemistry Science and Technology Co., Limited ("Liaoyuan Jufeng")	(7)	Jilin Province	25%	Manufacturing and selling of ethanol, ethyl acetate, pentane, denatured fuel ethanol, edible alcohol and related chemical products	116,852	235,164	17.97%
						342,365	467,360	
					Total:	1,212,536	603,004	

Notes:

(1) On 1 June 2016, the Group's equity interests in Jingdezhen CFI Guosen changed from 30% to 40% due to previous shareholders of Jingdezhen CFI Guosen withdrew their capital commitment in the sum of RMB125,000,000 in Jingdezhen CFI Guosen and the registered capital of Jingdezhen CFI Guosen was reduced from RMB500,000,000 to RMB375,000,000. Due to the reduction in the registered capital, the shareholding of the Company in Jingdezhen CFI Guosen inevitably and automatically increased from 30% to 40%. In order to comply with Rule 21.04(3)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Jingdezhen CFI Guosen is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Jingdezhen CFI Guosen. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Jingdezhen CFI Guosen or to restore the shareholdings in Jingdezhen CFI Guosen to 30%.

(2) On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK$2,500,000 has been received which was included in receipt in advance under current liabilities as at 30 June 2018 and 2017. 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.

(3) On 18 December 2016, the shareholders' resolution of Ezhou Zhongjinguotou approved some existing shareholders of Ezhou Zhongjinguotou to withdraw their capital commitment in the sum of RMB200,000,000 in Ezhou Zhongjinguotou so that the registered capital of Ezhou Zhongjinguotou will be reduced from RMB500,000,000 to RMB300,000,000. Due to the reduction in the registered capital, the shareholding of the Company in Ezhou Zhongjinguotou will inevitably increase from 30% to 50%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company shall voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Ezhou Zhongjinguotou is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Ezhou Zhongjinguotou. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Ezhou Zhongjinguotou or to restore the shareholdings in Ezhou Zhongjinguotou to 30%.

(4) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture establish in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduce to 2.98% on 19 August 2016, as Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on these dates.

(5) On 30 June 2017, the Company converted in aggregate principal amount of HK$50,000,000 into 100,000,000 shares in China City Infrastructure at the conversion price of HK$0.50 each, when the closing market price of shares of China City Infrastructure was HK$0.61 per share on this conversion and a loss on this conversion of approximately HK$4,091,000, which has been included in net change in fair value of financial assets in profit or loss for the year ended 30 June 2017.

(6) On 11 May 2018, the Company entered into the joint venture agreement with the joint venture partners in relation to the formation of the Henan Tianguan in Henan province, the PRC. Pursuant to the joint venture agreement, the Company owned 30% of the registered capital of the Henan Tianguan. On 31 July 2018, Henan Tianguan increased the registered capital from RMB300,000,000 to RMB660,000,000 hence Keyi (Shanghai) Investments Limited ("Keyi") and Joy State Holdings Limited, wholly-owned subsidiaries of the Company, further injected RMB30,000,000 and RMB78,000,000 respectively. Since the Group also invested in a 25% equity interest of Liaoyuan Jufeng (note (7)) which has 24% equity interest in Henan Tianguan, the effective interest held by the Group in Henan Tianguan was approximately 36%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company shall voluntarily relinquished the voting rights beyond 30% in Henan Tianguan.

(7) On 28 June 2018, Keyi entered into the investment agreement in relation to acquire 25% of the enlarged registered capital of Liaoyuan Jufeng. The related legal title transferred to the Keyi on 26 October 2018 hence the 25% equity interest of Liaoyuan Jufeng is recorded as investment for the period ended 31 December 2018.

Unlisted Bond Investments

The Group invested three bonds for the purpose of engaging in the medium term investments and earning the stable return. The details of the bond investments are as follows:

Unlisted bond portfolio

Name of company	*Notes*	Business nature	Cost	Fair value at 31 December 2018	% to the Group's net assets as at 31 December 2018
			HK$'000	*HK$'000*	
Hollys (China) Limited ("Hollys")	*(1)*	Engaged in coffee shop franchise in the PRC	200,000	191,205	14.61%
Pure Unity Investments Limited ("Pure Unity")	*(2)*	Investment holding	190,000	98,898	7.56%
Talent Trend Global Limited ("Talent Trend")	*(3)*	Investment holding	160,000	85,505	6.53%
Xing Yue Investments Limited ("Xing Yue")	*(4)*	Investment holding	20,000	20,000	1.53%
			570,000	395,608	

Notes:

(1) The Company through its direct wholly-owned subsidiary, Joy State Holdings Limited ("Joy State"), entered into a subscription agreement dated 8 September 2016 as subscriber with Hollys as issuer and Mr. Xiao Yan as guarantor, in relation to the subscription of the 9% secured three-year bond with the principal amount of HK$200,000,000. Mr. Xiao Yan is the sole shareholder and the sole director of Hollys. The bond is secured by 100% unlisted equity interest in Hollys pledged to the Group by Mr. Xiao Yan.

(2) The Company through its direct wholly-owned subsidiary, China Financial International Investments (Nanchang) Limited, entered into a subscription agreement dated 21 November 2016 as subscriber with Pure Unity as issuer and Mr. Zhu Mingliang as guarantor, in relation to the subscription of the 9% secured three-year bond with the principal amount of HK$200,000,000. As at 31 December 2018, Mr. Feng Xin is the sole shareholder and the sole director of Pure Unity. Pure Unity has redeemed HK$10,000,000 during the year ended 30 June 2017. The bond is secured by 760,000,000 shares of the Company held by Pure Unity as irrevocable guarantee.

(3) The Company through its direct wholly-owned subsidiary, China Financial International Investments (Henan) Limited as subscriber, entered into a subscription agreement dated 21 November 2016 as subscriber with Talent Trend as issuer and Mr. Huang Xianli as guarantor, in relation to the subscription of the 9% secured three-year bond with the principal amount of HK$160,000,000. As at 31 December 2018, Mr. Feng Xu is the sole shareholder and the sole director of Talent Trend. The bond is secured by unlisted equity interests and by 640,000,000 shares of the Company held by Talent Trend as irrevocable guarantee.

(4) The Company as subscriber entered into a subscription agreement dated 8 March 2018 with Xing Yue as issuer and Ms. Dong Lili as guarantor, in relation to the subscription of the 9% secured three months bond with the principal amount of HK$20,000,000. Ms. Dong Lili is the sole shareholder and the sole director of Xing Yue. The bond is secured by unlisted equity interests and by 200,000,000 shares of the Company which 100,000,000 held by Xing Yue and 100,000,000 held by Rightfirst Holdings Limited ("Rightfirst") as irrevocable guarantee, respectively. Rightfirst is beneficially owned by Mr. Du Lin Dong, who is the executive Director. The bond was already overdue as at 30 June 2018 and the management is under negotiation with Xing Yue for renewal of the bond. Up to the issuance date of the report, no renewed subscription agreement of the bond has been signed.

PROSPECT

The Company is expected to continue to focus on China's bioethanol sector with the aim to maximize value for the shareholders of the company.

China plans to mandatorily promote the use of ethanol in gasoline (E10 gasoline) nationally by the end of 2020. Based on the expected motor gasoline consumption, the annual supply of bioethanol is approximately 13 million metric tons in 2020.

So far, the Company has jointly established Henan Tianguan Energy and Biotechnology Company Limited in May 2018, and also invested Liaoyuan Jufeng Biochemistry Science and Technology Co., Ltd in October 2018.

Moreover, the Company signed an agreement with Hunan South China Petroleum & Chemical Limited to acquire 30% equity interest of Hunan South China New Energy Limited. The purpose is to build an ethanol biofuel mixing facility in Hunan province, which will give us a strategic asset that can cover future delivery of key regions across central China.

As the Group's business is moving forward towards its strategic goals, the Board will carefully assess and minimize potential risks and strive to generate more returns to all shareholders.

MAJOR ACQUISITIONS AND DISPOSALS

In December 2018, the Group entered into an agreement to dispose of its 100% investment in South South Asia-Pacific Bioenergy Limited, a directly wholly-owned subsidiary of the Group, to independent third parties at consideration of USD10,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2018, the Group had cash and cash equivalents of HK$80,301,000 (30 June 2018: HK$153,935,000). 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 31 December 2018 was approximately 12.93 times (30 June 2018: 8.35 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2018 was approximately 10.31% (30 June 2018: 7.95%).

The Group did not have any bank borrowing as at 31 December 2018 (30 June 2018: Nil). The Group did not have any capital commitments as at 31 December 2018 (30 June 2018: Nil).

INTERIM DIVIDEND

The Board of the Directors does not recommend any payment of interim dividend for the Period (2017: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2018.

CAPITAL STRUCTURE

As at 31 December 2018, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$1,308,816,000 (30 June 2018: HK$1,460,083,000) and approximately 10,971,634,030 (30 June 2018: 10,971,634,030), 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 Period, 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 31 December 2018, the Group had 16 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK$6,439,000 (2017: HK$7,311,000). 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 Period, 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.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 Company established the audit committee (the"Audit Committee") which comprises three independent non-executive Directors namely, Mr. Zhang Jing (chairman of the audit committee), Mr. Zeng Xianggao and Mr. Li Cailin. The Audit Committee had 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. The Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

EVENTS AFTER THE REPORTING PERIOD

In January 2019, Keyi, a wholly-owned subsidiary of the Company, has entered into an agreement with Hunan South China New Energy Limited ("湖南華南新能源有限公司")("South China New Energy") to inject capital contribution of RMB45,000,000 into South China New Energy for acquiring 30% of South China New Energy's equity interest. South China New Energy is engaged in new energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals). One 23 January 2019, the legal title of 30% equity interest in South China New Energy has been successfully transferred to Keyi.

REVIEW OF ACCOUNTS

The external auditor has reviewed the Group's interim financial statements 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.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES

The Group's interim results will be included in the Company's interim report for the Period which will be published on the website of the Stock Exchange (http://www.hkex.com.hk) as well as the website of the Company (http://www.irasia.com/listco/hk/cfii) as soon as possible.

China Financial International Investments Limited
Du Lin Dong
Chairman and Chief Executive Officer

Hong Kong, 28 February 2019

As at the date of this announcement, the executive Director is Mr. Du Lin Dong, the non-executive Directors are Mr. Ding Xiaobin, Mr. Zhang Huayu and Ms. Li Jie and the independent non-executive Directors are Mr. Zhang Jing, Mr. Zeng Xianggao and Mr. Li Cailin.