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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)

SUBSCRIPTION OF NEW SHARES

On 18 July 2012 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, an aggregate of 240,000,000 Shares at the Subscription Price of HK\$0.45 per Subscription Share.

The Subscription Price of HK\$0.45 per Subscription Share represents: (i) a discount of approximately 5.26% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on 18 July 2012, being the closing price on the date of the Subscription Agreements; and (ii) a discount of approximately 0.22% to the average of the closing prices of HK\$0.451 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the liquidity and the recent trading performance of the Shares.

The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent approximately 5.43% of the existing issued share capital of the Company and approximately 5.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscriptions of approximately HK\$107.8 million will be applied for the Company's investment in small loan and guarantee companies in the PRC.

THE SUBSCRIPTIONS

The Subscription Agreement 1

Date: 18 July 2012

Parties: (i) the Company;
(ii) the Subscriber 1 – Jing Huang Limited; and
(iii) the Guarantor 1.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber 1 is principally engaged in investment holding and the Guarantor 1 is the sole director of the Subscriber 1, and each of the Subscriber 1, the Guarantor 1 and the ultimate beneficial owners of the Subscriber 1, is an Independent Third Party.

Pursuant to the Subscription Agreement 1, the Company has conditionally agreed to allot and issue and the Subscriber 1 has conditionally agreed to subscribe for in cash of HK\$72,000,000 for a total of 160,000,000 Shares (being part of the Subscription Shares) at the Subscription Price of HK\$0.45 per Subscription Share. The 160,000,000 Shares represent approximately 3.62% of the existing issued share capital of the Company and approximately 3.44% of the issued share capital of the Company as enlarged by the allotment and issue of 160,000,000 Shares as at the date of this announcement.

The Subscription Agreement 2

Date: 18 July 2012

Parties: (i) the Company;
(ii) the Subscriber 2 – Juhua Holdings Limited; and
(iii) the Guarantor 2.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber 2 is principally engaged in investment holding and the Guarantor 2 is the sole director of the Subscriber 2, and each of the Subscriber 2, the Guarantor 2 and the ultimate beneficial owners of the Subscriber 2, is an Independent Third Party.

Pursuant to the Subscription Agreement 2, the Company has conditionally agreed to allot and issue and the Subscriber 2 has conditionally agreed to subscribe for in cash of HK\$36,000,000 for a total of 80,000,000 Shares (being part of the Subscription Shares) at the Subscription Price of HK\$0.45 per Subscription Share. The 80,000,000 Shares represent approximately 1.81% of the existing issued share capital of the Company and approximately 1.72% of the issued share capital of the Company as enlarged by the allotment and issue of 80,000,000 Shares as at the date of this announcement.

Each of the Subscriber 1 and the Subscriber 2 is independent of each other.

Number of Subscription Shares

Pursuant to the Subscription Agreements, an aggregate of 240,000,000 Shares (all comprised in the Subscription Shares) will be allotted and issued to the Subscribers. The 240,000,000 Shares represent approximately 5.43% of the existing issued share capital of the Company and approximately 5.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$2,400,000.

PRINCIPAL TERMS OF EACH OF THE SUBSCRIPTION AGREEMENTS

Apart from the number of the Subscription Shares to be subscribed for by each of the Subscribers set out above, the identities of the Subscribers and the Guarantors, the terms of each of the Subscription Agreements are the same. Set out below are the key terms of the Subscription Agreements.

Subscription Price

The Subscription Price of HK\$0.45 per Subscription Share represents:

- (i) a discount of approximately 5.26% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on 18 July 2012, being the closing price on the date of the Subscription Agreements; and
- (ii) a discount of approximately 0.22% to the average of the closing prices of HK\$0.451 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses (including but not limited to legal expenses and disbursements), is estimated to be approximately HK\$0.4492 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the liquidity and the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscriptions

Each of the Subscriptions is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares and upon the fulfilment of the necessary requirements (if any) under the Listing Rules and the relevant laws, regulations and rules.

In the event that the conditions of the Subscriptions are not fulfilled on or before 10 August 2012 or such other date as may be agreed between the parties to the relevant Subscription Agreements, the Subscription Agreements shall cease and determine and neither the Company nor the Subscribers shall have any obligations and liabilities under the Subscription Agreements.

Each of the Subscription Agreements is not conditional upon the other.

Completion of the Subscriptions

Completion of the Subscriptions will take place at 4:00 p.m. on the third Business Day after all the conditions of the Subscriptions are fulfilled (or such other date as may be agreed between the parties to the relevant Subscription Agreements).

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The issue of the Subscription Shares is not subject to Shareholders' approval.

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 821,876,806 Shares. As at the date of this announcement, no portion of the General Mandate was utilised. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval. The 240,000,000 Shares constitutes approximately 29.20% of the General Mandate.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENTS

The Company is an investment holding company and its principal subsidiaries are engaged in the holding of equity or equity-related investments.

Since the fourth quarter in 2010, the Company has commenced its investments in the financial industry in the PRC, in particular, the Company has entered into some agreements in relation to the formation of joint venture of the guarantee companies and/or small loan companies and in relation to the acquisitions of equity interest in small loan companies in the PRC. The Directors consider that it is in the interest of the Company and its Shareholders as a whole to strengthen the financial position of the Company by entering into the Subscription Agreements, which will enable the Company to expand its capital base and finance those joint ventures, guarantee companies and small loan companies in the PRC, and finance future establishment(s) of joint venture(s) and future acquisition(s) of company(ies). In the event that any written agreement be entered into in respect of any future establishment(s) of joint venture(s) or future acquisition(s) of company(ies), the Company will make necessary disclosure in compliance with the Listing Rules, if required.

The gross proceeds of the Subscriptions is HK\$108 million. All the net proceeds of the Subscriptions of approximately HK\$107.8 million will be applied for the Company's investment in small loan and guarantee companies in the PRC. The Directors consider that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscriptions will strengthen the financial position and shareholder base of the Group.

CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscriptions are as follows:

	As at the date of this announcement and immediately before completion of the Subscriptions		Immediately after completion of the Subscriptions	
	<i>approximate</i> No. of Shares	%	<i>approximate</i> No. of Shares	%
Rightfirst Holdings Limited (<i>note 1</i>)	634,234,830	14.36	634,234,830	13.62
Du Lin Dong ("Mr. Du") (<i>notes 1 and 2</i>)	50,330,000	1.14	50,330,000	1.08
Ding Xiaobin (<i>note 2</i>)	500,000	0.01	500,000	0.01
Ma Jie (<i>note 2</i>)	6,000,000	0.14	6,000,000	0.13
Subscriber 1	–	–	160,000,000	3.44
Subscriber 2	–	–	80,000,000	1.72
Subtotal of the Subscribers			240,000,000	5.16
Other public shareholders (excluding the Subscribers)	3,726,769,200	84.35	3,726,769,200	80.00
Total	<u>4,417,834,030</u>	<u>100.00</u>	<u>4,657,834,030</u>	<u>100.00</u>

Notes:

- The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du. Mr. Du is deemed to be interested in the 634,234,830 Shares held by Rightfirst Holdings Limited.
- Mr. Du, Mr Ding Xiaobin and Mr. Ma Jie are Directors.

As at the date of this announcement, the Company has a total of 79,800,000 outstanding share options which entitles the holder of the share option to subscribe for 79,800,000 Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Event	Estimated net proceeds	Intended use of proceeds	Actual use of proceeds
15 December 2011	Subscription of 304,950,000 Shares at the subscription price of HK\$0.45 per Share	HK\$137 million	applied for potential investments	<ul style="list-style-type: none"> • approximately HK\$105.3 million used as intended • approximately HK\$31.7 million has been invested in the listed securities in Hong Kong under the short term treasury policy of the Company

Save as disclosed above, the Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	China Financial International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with 821,876,806 Shares at the annual general meeting of the Company held on 16 December 2011
“Group”	the Company and its subsidiaries
“Guarantor 1”	Liang Hongliu 梁洪流, the guarantor under the Subscription Agreement 1
“Guarantor 2”	Gao Xing 高星, the guarantor under the Subscription Agreement 2
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holders of the Shares

“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber 1”	Jing Huang Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party
“Subscriber 2”	Juhua Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party
“Subscribers”	the Subscriber 1 and the Subscriber 2 collectively
“Subscription 1”	the subscription for 160,000,000 Shares by the Subscriber 1 pursuant to the Subscription Agreement 1
“Subscription 2”	the subscription for 80,000,000 Shares by the Subscriber 2 pursuant to the Subscription Agreement 2
“Subscriptions”	the Subscription 1 and the Subscription 2 collectively
“Subscription Agreement 1”	the agreement dated 18 July 2012 and entered into among the Company, the Subscriber 1 and the Guarantor 1 in respect of the Subscription 1
“Subscription Agreement 2”	the agreement dated 18 July 2012 and entered into among the Company, the Subscriber 2 and the Guarantor 2 in respect of the Subscription 2
“Subscription Agreements”	the Subscription Agreement 1 and the Subscription Agreement 2 collectively
“Subscription Price”	the subscription price of HK\$0.45 per Subscription Share
“Subscription Shares”	an aggregate of 240,000,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements, and “Subscription Share” means any one of them

“%”

per cent.

By order of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman

Hong Kong, 18 July 2012

As at the date of this announcement, the executive Directors are Mr. Du Lin Dong, Mr. Liu Baorui and Mr. Pong Po Lam Paul, the non-executive Directors are Mr. Ma Jie and Mr. Ding Xiaobin and the independent non-executive Directors are Professor Cheung Wai Bun Charles, Mr. Wan Hongchun and Mr. Zeng Xianggao.