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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)

(1) MAJOR TRANSACTION IN RELATION TO STRATEGIC COOPERATION AGREEMENT; (2) MAJOR DISPOSAL; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at Suites 5704-05, 57/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 7 January 2016 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting (as the case may be) should you so wish. In such event, the instrument appointing a proxy shall deemed be revoked.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame, by Glassy Mind, pursuant to the Sale and Purchase Agreements
“Announcement”	the announcement dated 30 November 2015, published by the Company relating to, among other things, the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder
“Beijing Irena”	Beijing Irena Culture Co., Ltd, a company incorporated in the PRC with limited liability and the issued shares of which are listed on the National Equities Exchange and Quotations in the PRC (stock code: 834358)
“Best Joy”	Best Joy Asia Investment Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company
“Board”	the board of the Directors from time to time
“Business Day”	a day on which licensed banks in Hong Kong are open for normal banking business throughout their normal business hours (excluding Saturday, Sunday or public holiday)
“BVI”	the British Virgin Islands
“Company”	China Financial International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 721)
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the buy-back of the 30% issued share capital in Glassy Mind currently owned by Best Joy, by Beijing Irena, at the Guaranteed Return, pursuant to the Strategic Cooperation Agreement
“Glassy Mind”	Glassy Mind Holdings Limited, a company incorporated in the BVI with limited liability, which is owned as to 70% and 30% by Yi Jia and Best Joy, respectively
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	18 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ourgame”	Ourgame International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 6899)
“Ourgame Group”	Ourgame and its subsidiaries from time to time
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreements”	two sale and purchase agreements dated 24 November 2015 entered into between Glassy Mind, as purchaser, and the vendors of Ourgame, as vendors, in relation to the transfer of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame, to Glassy Mind
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s) from time to time

DEFINITIONS

“Strategic Cooperation”	the injection of capital in the sum of HK\$770,000,000 by Yi Jia and HK\$360,000,000 by Best Joy to Glassy Mind for the acquisition of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame, by Glassy Mind, pursuant to the Strategic Cooperation Agreement
“Strategic Cooperation Agreement”	the investment strategic cooperation agreement dated 24 November 2015 entered into between Beijing Irena and the Company in relation to the Strategic Cooperation and the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Sale and Purchase Agreements”	two supplemental Sale and Purchase Agreements both dated 14 December 2015 entered into between Glassy Mind and the vendors of Ourgame, in relation to the amendments to the conditions precedent of respective Sale and Purchase Agreements
“Yi Jia”	Yi Jia Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Beijing Irena
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

[#] *The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Du Lin Dong (*Chairman and Chief Executive Officer*)

Mr. Pong Po Lam

Non-executive Directors:

Mr. Sha Naiping

Mr. Ding Xiaobin

Independent non-executive Directors:

Dr. Cheung Wai Bun Charles, *J.P.*

Mr. Zeng Xianggao

Mr. Li Cailin

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

Suites 5704-05, 57/F

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

21 December 2015

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO
STRATEGIC COOPERATION AGREEMENT;
(2) MAJOR DISPOSAL;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement dated 30 November 2015 in relation to, among others, the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) information regarding the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder; (ii) financial information of Ourgame Group; and (iii) a notice of the SGM at which resolutions will be proposed to consider and, if thought fit, approve the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder.

LETTER FROM THE BOARD

(1) THE STRATEGIC COOPERATION

On 24 November 2015, Beijing Irena and the Company entered into the conditional Strategic Cooperation Agreement in relation to the acquisition of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame, by Glassy Mind. Glassy Mind is owned as to 70% by Yi Jia, a wholly-owned subsidiary of Beijing Irena and as to 30% by Best Joy, a wholly-owned subsidiary of the Company.

The terms of the Strategic Cooperation Agreement are set out below:

The Strategic Cooperation Agreement

Date: 24 November 2015

Parties:

- (1) Beijing Irena Culture Co., Ltd
- (2) China Financial International Investments Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing Irena and its ultimate beneficial owners, are Independent Third Parties.

The Strategic Cooperation

Pursuant to the terms and conditions of the Strategic Cooperation Agreement, Beijing Irena and the Company have agreed that, pursuant to Sale and Purchase Agreements, Glassy Mind shall acquire in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame. Glassy Mind is owned as to 70% by Yi Jia and as to 30% by Best Joy.

Pursuant to the Sale and Purchase Agreements (as amended by the Supplemental Sale and Purchase Agreements), the Acquisition is conditional upon the shareholders of Beijing Irena approving the Acquisition at a shareholders' general meeting.

Investment in the Strategic Cooperation

Subject to the Sale and Purchase Agreements becoming unconditional, the investment in the amount of HK\$1,130,000,000 shall be payable by the parties to the Strategic Cooperation Agreement to Glassy Mind on completion, in the following manner:

- (a) as to HK\$770,000,000, shall be payable by Yi Jia by way of cash; and
- (b) as to HK\$360,000,000, shall be payable by Best Joy by way of cash.

LETTER FROM THE BOARD

The investment amount under the Strategic Cooperation Agreement was determined by Beijing Irena and the Company after arm's length negotiations and after taking into account (i) Glassy Mind is required to pay for HK\$1,130,000,000 upon completion of the Sale and Purchase Agreements; and (ii) the request of Beijing Irena for the Company to pay additional HK\$21,000,000 on top of Best Joy's HK\$339,000,000 contribution, which is equivalent to Best Joy's 30% shareholding in Glassy Mind.

Despite the fact that Glassy Mind is owned as to 70% by Yi Jia and as to 30% by Best Joy, the investment amount in Glassy Mind shall be payable as to approximately 68.14% by Yi Jia and as to approximately 31.86% by Best Joy. The investment amount payable by each of the parties to the Strategic Cooperation Agreement is a commercial decision between the parties. The Company is of the view that the Guaranteed Return, with an interest rate of 30% per annum, is an attractive investment return. Further, the Company considers that the Strategic Cooperation is a short term investment financing with a high expected return, hence the Company is willing to invest not in proportion to their shareholdings in Glassy Mind.

The investment obligation of Best Joy shall be satisfied by internal resources of the Group.

In view of the above, the Directors consider that the investment amount for the Strategic Cooperation is fair and reasonable and the Strategic Cooperation Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Strategic Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

To ensure the successful completion of the Sale and Purchase Agreements, Yi Jia has the right to pay up the entire investment amount, being HK\$1,130,000,000, to Glassy Mind, pursuant to the Strategic Cooperation Agreement, should any of the following events occur:

- (a) failure of the Company to pass by the Shareholders at the SGM on or before 31 January 2016, the necessary resolutions to approve the Strategic Cooperation Agreement and the transactions contemplated thereunder, including but not limited to, the acquisition of in aggregate 28.76% of the issued share capital in Ourgame by Glassy Mind; and
- (b) failure of Best Joy to pay up its investment obligation, being HK\$360,000,000, upon the completion of the Sale and Purchase Agreements, when Glassy Mind had to pay up the consideration thereunder.

As confirmed by Beijing Irena and the Company, the Company shall not have any legal and/or financial consequences if (i) the Company fails to pass the relevant resolutions by the Shareholders at the SGM on or before 31 January 2016 and/or (ii) the Company fails to pay up its investment obligation at the material time.

As the Strategic Cooperation constitutes a major acquisition, which requires the Shareholders' approval at the SGM, in compliance with the Listing Rule requirement, prior to obtaining the Shareholders' approval at the SGM, the Company would not pay up its investment obligation under the Strategic Cooperation Agreement.

LETTER FROM THE BOARD

(2) THE DISPOSAL

Upon completion of the Strategic Cooperation, parties to the Strategic Cooperation Agreement have agreed that, on 30 June 2016, Beijing Irena shall buy back (the “**Buy-Back**”) the 30% issued share capital in Glassy Mind currently owned by Best Joy, at the consideration (“**Guaranteed Return**”) calculated based on the following formula:

$$\text{Guaranteed Return} = \text{HK\$}360,000,000 [1 + (30\% \times N/365)]$$

“N” represents the number of calendar days from the date of the payment of the investment amount to 30 June 2016, by Best Joy to Glassy Mind.

The Guaranteed Return at the rate of 30% per annum was determined by Beijing Irena and the Company after arm’s length negotiation and after taking into account (i) the intention of the Company to maximise the investment return for the net proceeds raised from the completion of the subscriptions of new shares (please refer to the announcements of the Company dated 10 November 2015, 13 November 2015 and 4 December 2015 respectively for details), of in aggregate of approximately HK\$1,137,000,000; (ii) the six-month short-term financing interest rates of approximate prime rate plus 8% per annum as quoted by the licenced banks in Hong Kong and margin interest rates of approximately 11% per annum based on the margin rates offered by securities brokerage companies in Hong Kong shortly before entering into the Strategic Cooperation Agreement; (iii) Beijing Irena’s need of a strategic cooperation partner to finance the transactions contemplated under the Sale and Purchase Agreements; and (iv) the amount of capital commitment of the Company and the time span to hold up the fund for the Strategic Cooperation.

It is the intention of Beijing Irena and the Company that the Strategic Cooperation and the Disposal contemplated under the Strategic Cooperation Agreement must be proceeded together but not either one or another. Given that each of the Strategic Cooperation and the Disposal constitutes major transaction of the Company and is subject to Shareholders’ approval, the Board proposes to make the Strategic Cooperation and the Disposal inter-conditional upon each other and put forward two ordinary resolutions to seek Shareholders’ approval at the SGM. Hence, both of the Strategic Cooperation and the Disposal must be approved by the Shareholders at the SGM or otherwise the Company will not proceed with any of them.

As Beijing Irena is a company listed on the National Equities Exchange and Quotations in the PRC (stock code: 834358), the Directors are of the view that Beijing Irena is a reputable and trustworthy company. Further, after the completion of the Acquisition, Glassy Mind will be the owner of 226,000,000 shares in Ourgame, which is worthing approximately HK\$1,191,020,000 as at the Latest Practicable Date. Beijing Irena, being the indirect owner of 70% shareholding in Glassy Mind; would have sufficient resources to meet its buy-back obligations under the Disposal at the material time. The Buy-Back of the 30% issued share capital in Glassy Mind by Yi Jia from Best Joy at the Guaranteed Return is a legally binding term under the Strategic Cooperation Agreement. Such Buy-Back shall take effect on 30 June 2016, failing which, the Company has the legal rights to sue Beijing Irena for specific performance of the Buy-Back.

LETTER FROM THE BOARD

INFORMATION ABOUT GLASSY MIND

Glassy Mind was a company incorporated in the BVI with limited liability on 9 November 2015, and is principally engaged in investment holding.

Glassy Mind had not recorded any profit or loss for the period from 9 November 2015 (date of incorporation) to the Latest Practicable Date. In addition, the unaudited net assets of Glassy Mind were nil as at the Latest Practicable Date.

Pursuant to the Sale and Purchase Agreements, the consideration for the Acquisition is HK\$1,380,001,200; and the investment amount of HK\$1,130,000,000 in Glassy Mind shall be used as partial consideration for the Acquisition. The remaining consideration in the amount of HK\$250,001,200 shall be payable by Glassy Mind to the vendors of Ourgame pursuant to the Sale and Purchase Agreements on or before 30 September 2016.

Given that the Disposal shall take place on 30 June 2016 and Best Joy will cease to be a shareholder of Glassy Mind, the Company has no commitment to the payment of the remaining consideration in the amount of HK\$250,001,200 (the “**Additional Amount**”). Further, none of the members of the Group have entered into any legally binding documents in respect of any commitment to the payment of the said HK\$250,001,200. The Board confirms that the Group has no intention to make any capital commitment in respect of the Additional Amount. In any event that there is a change in circumstance and the Group has to pay the Additional Amount, the Company will re-comply with the applicable Listing Rules including obtaining Shareholders’ approval, if required. As confirmed by Beijing Irena and the Company, the Company shall not have any legal and/or financial consequences for the failure to pay the remaining consideration.

INFORMATION ABOUT OURGAME GROUP

Ourgame was a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 6899). Ourgame Group is principally engaged in the development and operation of online games in the PRC.

Set out below is the financial information of Ourgame Group extracted from its financial reports for the year ended 31 December 2013 and for the year ended 31 December 2014, as set out in Appendix IIA to this circular:

	For the year ended 31 December 2013 RMB’000	For the year ended 31 December 2014 RMB’000
Turnover	236,300	475,769
Profit before tax	44,767	111,599
Profit after tax	40,461	97,643

The unaudited net assets of Ourgame Group as at 30 June 2015 was approximately RMB926,520,000.

LETTER FROM THE BOARD

INFORMATION ABOUT BEIJING IRENA

Beijing Irena was a company incorporated in the PRC with limited liability whose shares are listed on the National Equities Exchange and Quotations in the PRC (stock code: 834358). Beijing Irena and its subsidiaries are principally engaged in the promotion of sporting events, provision of sports related leisure services, sports marketing and consultancy services in the PRC.

INFORMATION ABOUT THE COMPANY AND THE GROUP

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

Save for the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder, each of the vendors under the Sale and Purchase Agreements, Beijing Irena, and their respective associates are Independent Third Parties.

USE OF PROCEEDS

The net proceeds from the Disposal after deducting related transaction costs and expenses are estimated to be approximately HK\$404,500,000. The Group intends to apply the net proceeds from the Disposal as follows:

- (a) approximately HK\$4,500,000 for equity investments in the insurance and financial services industry; and
- (b) approximately HK\$400,000,000 for equity investments in the leisure sports vacation industry.

Save for the entering into of the Strategic Cooperation Agreement, the Company currently has no other concrete investment plans. The Company shall comply with the requirements under the Listing Rules should any investment plans be materialised.

REASONS FOR AND THE BENEFITS OF THE STRATEGIC COOPERATION AND THE DISPOSAL

The Company entered into the Strategic Cooperation Agreement for the purpose of engaging in the short term investment financing and earning the Guaranteed Return, through Best Joy's investment in 30% of the issued share capital in Glassy Mind.

The Directors are of the view that the Strategic Cooperation provides the Group with a good investment opportunity. Further, the Directors are of the view that the Guaranteed Return at the rate of 30% per annum under the Disposal provides the Group with an attractive investment return.

LETTER FROM THE BOARD

The Directors considered the Guaranteed Return to be an attractive investment return, taking into consideration the following factors including, (i) the intention of the Company to maximise the investment return for the net proceeds raised from the completion of the three subscriptions; (ii) the rate of 30% per annum is a very high rate of return considering the recent performance of the stock market and the financing and/or margin interest rates; and (iii) Beijing Irena agreeing to buy back the 30% issued share capital in Glassy Mind from Best Joy at the Guaranteed Return on 30 June 2016, which in essence makes the Strategic Cooperation and the Disposal pursuant to the Strategic Cooperation Agreement a short-term secured high return investment for the Company as compared to the rate of return of the investments of the Group for the year ended 30 June 2015 which ranging from -46.98% to 91.11%, with the average rate of return of 3.42% and the medium rate of return of -1.84%.

The Directors hold a positive view towards the investment strategic cooperation with Beijing Irena, and the Directors believe that the Strategic Cooperation and the Disposal would bring positive returns to the Group. Therefore, the Board considers that the terms of the Strategic Cooperation and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE STRATEGIC COOPERATION AND THE DISPOSAL ON EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

As at 30 June 2015, the published consolidated total assets and total liabilities of the Group amounted to approximately HK\$1,381,641,000 and HK\$568,505,000, respectively. As set out in Appendix III to this circular, if completion of the Strategic Cooperation had taken place on 31 January 2016, (i) the unaudited pro forma consolidated total assets of the Group would have increased by approximately HK\$44,500,000 with the Guaranteed Return after deducting its transaction costs; and (ii) the unaudited pro forma consolidated total liabilities of the Group would materially remain unchanged. The Directors also consider that the Strategic Cooperation will contribute to the revenue and earnings base of the Group. Further details of the financial effects of the Strategic Cooperation on the assets and liabilities of the Group, together with the basis in preparing the unaudited pro forma financial information, are set out in Appendix III to this circular.

If completion of the Disposal had taken place on 30 June 2016, the Guarantee Return in the amount of approximately HK\$404,900,000 would be received by the Group under the Strategic Cooperation Agreement. The gain from the Disposal would be approximately HK\$44,900,000. The net gain of approximately HK\$44,500,000 after deducting its transaction costs of approximately HK\$400,000 would be accrued to the Group. It is expected that the total assets of the Group would increase by approximately HK\$44,500,000, being the net gain on the Disposal, and the total liabilities of the Group would remain unchanged as a result of the Disposal.

The gain on the Disposal will have an immediate material impact on the earnings of the Group as a result of the Disposal, but the final impact is yet to be determined upon completion of the Disposal.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Strategic Cooperation is more than 25% but less than 100%, the Strategic Cooperation constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Strategic Cooperation and the transactions contemplated thereunder are therefore subject to, among others, the approval of the Shareholders at the SGM.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Disposal and the transactions contemplated thereunder are therefore subject to, among others, the approval of the Shareholders at the SGM.

SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular, at which resolutions will be proposed to approve the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is interested in or involved in the Strategic Cooperation, the Disposal and the respective transactions contemplated thereunder. Therefore no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the SGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

The resolutions proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

RECOMMENDATION

The Directors consider that the Strategic Cooperation and the Disposal are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for the three years ended 30 June 2013, 2014 and 2015, are disclosed on pages 31-97 of the 2013 annual report published on 22 October 2013, pages 30-103 of the 2014 annual report published on 25 September 2014, and pages 32-99 of the 2015 annual report published on 27 October 2015, respectively, which are published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.irasia.com/listco/hk/cfii/>). Please refer to the hyperlinks as stated below:

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1022/LTN20131022118.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0925/LTN20140925272.pdf>

2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1027/LTN20151027431.pdf>

2. INDEBTEDNESS STATEMENT

(a) Borrowings

As at the close of business on 30 November 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

	<i>HK\$'000</i>
Interest bearing loans – unsecured (<i>Note</i>)	63,000
Other payables and accruals	5,938

Note: Bonds with total nominal amount of HK\$63,000,000 were issued to Independent Third Parties at 5% interest rate per annum with maturity dates ranging from year 2020 to 2021, being 7 years' maturity from the date of issue and the interest accrued thereon is amounted to HK\$1,320,000.

(b) Pledge of assets

At the close of business on 30 November 2015, the Group did not pledge any asset to banks or other financial institutions.

(c) Contingent liabilities

As at 30 November 2015, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business on 30 November 2015, the Group did not have outstanding any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that taking into account of the Group's internal resources, cash flow from operations, the effect of the Strategic Cooperation and the Disposal; the Group will have sufficient working capital for a period of 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2015 being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS

Looking ahead, the business environment remains very challenging as downward pressure on economy of the PRC is intensifying, the global financial and economic conditions are expected to remain volatile. As a small, but open integrated economy system, Hong Kong is highly sensitive to the slowdown of economic growth in the PRC and the global economic and financial turbulence. The Group currently has the investments principally in Hong Kong and the PRC, any material change in or deterioration of the economic conditions in Hong Kong and the PRC will inevitably affect the Group's businesses.

Following the completion of the subscription (the "**Subscriptions**") of in aggregate 5,700,000,000 new Shares by three investors, at the subscription price of HK\$0.20 per Share, the net proceeds of approximately HK\$1,137,000,000 from the Subscriptions provided affluent capital for the Company to capture new investment opportunities, so as to improve the Group's overall performance. The Group will focus on the developments of the insurance and financial services industry, the clean energy industry, and the leisure sports vacation industry; and will seek potential investment opportunities to diversify its business portfolio with an aim to maximise value for our 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.

A. FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

	For the year ended 31 December		For the six months ended 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	236,300	475,769	207,285	325,068
Cost of revenue	(79,803)	(181,269)	(77,120)	(148,996)
Gross profit	156,497	294,500	130,165	176,072
Other income	4,649	23,398	2,759	14,316
Selling and marketing expenses	(45,476)	(70,416)	(23,402)	(47,410)
Administrative expenses	(34,714)	(70,986)	(39,719)	(29,080)
Share-based compensation expense	(490)	(29,141)	(11,744)	(21,834)
Research and development expenses	(35,699)	(35,756)	(17,614)	(21,629)
Finance cost	—	—	—	(36)
Profit before income tax	44,767	111,599	40,445	70,399
Income tax expense	(4,306)	(13,956)	(7,240)	(7,854)
Profit for the year/period	40,461	97,643	33,205	62,545
Other comprehensive income/(loss)				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	—	(3,379)	(27)	4
Total comprehensive income for the year/period	40,461	94,264	33,178	62,549
Profit for the year/period attributable to:				
Equity holders of Ourgame	35,052	97,641	33,203	62,545
Non-controlling interests	5,409	2	2	—
	40,461	97,643	33,205	62,545
Total comprehensive income for the year/period attributable to:				
Equity holders of Ourgame	35,052	94,262	33,176	62,549
Non-controlling interests	5,409	2	2	—
	40,461	94,264	33,178	62,549
Earnings per share attributable to ordinary equity holders of Ourgame (expressed in RMB per share)				
Basic	8.52	16.26	8.03	7.98
Diluted	8.52	14.18	5.47	7.49

Consolidated Statement of Financial Position

	As at 31 December		As at 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	9,168	12,061	11,480	29,182
Goodwill	–	–	–	88,218
Intangible assets	43,318	47,942	44,256	203,012
Available-for-sale financial assets	–	15,435	–	40,435
Interests in associates	7,000	13,682	7,000	21,637
Loans to a third party	–	–	–	40,575
Other non-current receivable	–	–	–	29,947
Deferred tax assets	<u>158</u>	<u>104</u>	<u>158</u>	<u>–</u>
	<u>59,644</u>	<u>89,224</u>	<u>62,894</u>	<u>453,006</u>
Current assets				
Inventories	1,169	1,581	937	1,671
Trade and other receivables	58,467	130,522	74,096	210,622
Loans to shareholders	25,000	–	–	–
Available-for-sale financial assets	5,000	25,000	5,000	20,000
Pledged bank deposits	–	–	–	221,636
Bank balances and cash	<u>58,716</u>	<u>718,979</u>	<u>738,287</u>	<u>263,864</u>
	<u>148,352</u>	<u>876,082</u>	<u>818,320</u>	<u>717,793</u>
Current liabilities				
Trade and other payables	27,829	44,581	39,505	51,681
Deferred revenue	29,467	20,798	25,006	27,597
Short-term bank borrowings	–	–	–	120,910
Income tax liabilities	<u>1,484</u>	<u>10,011</u>	<u>3,354</u>	<u>7,577</u>
	<u>58,780</u>	<u>75,390</u>	<u>67,865</u>	<u>207,765</u>
Net current assets	<u>89,572</u>	<u>800,692</u>	<u>750,455</u>	<u>510,028</u>
Total assets less current liabilities	<u>149,216</u>	<u>889,916</u>	<u>813,349</u>	<u>963,034</u>

	As at 31 December		As at 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Non-current liabilities				
Other non-current payable	–	–	–	29,947
Deferred tax liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,567</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>36,514</u>
Total assets less total liabilities	<u>149,216</u>	<u>889,916</u>	<u>813,349</u>	<u>926,520</u>
EQUITY				
Share/paid-in capital	72,061	238	238	240
Reserves	<u>77,067</u>	<u>889,588</u>	<u>813,021</u>	<u>926,190</u>
Equity attributable to				
equity holders of Ourgame	149,128	889,826	813,259	926,430
Non-controlling interests	<u>88</u>	<u>90</u>	<u>90</u>	<u>90</u>
Total equity	<u>149,216</u>	<u>889,916</u>	<u>813,349</u>	<u>926,520</u>

Consolidated Statement of Changes in Equity

	Share capital RMB'000	Reserves RMB'000	Total RMB'000
At 1 January 2013	62,640	45,564	108,204
Total comprehensive income for the year and transactions with owners	<u>9,421</u>	<u>31,591</u>	<u>41,012</u>
At 31 December 2013	<u>72,061</u>	<u>77,155</u>	<u>149,216</u>
Total comprehensive income for the period and transactions with owners	<u>(71,823)</u>	<u>735,956</u>	<u>664,133</u>
At 30 June 2014	<u>238</u>	<u>813,111</u>	<u>813,349</u>
Total comprehensive income for the period and transactions with owners	<u>—</u>	<u>76,567</u>	<u>76,567</u>
At 31 December 2014	<u>238</u>	<u>889,678</u>	<u>889,916</u>
Total comprehensive income for the period and transactions with owners	<u>2</u>	<u>36,602</u>	<u>36,604</u>
At 30 June 2015	<u>240</u>	<u>926,280</u>	<u>926,520</u>

Consolidated Statement of Cash Flows

	For the year ended 31 December		For the six months ended 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Cash flows from operating activities				
Profit for income tax	44,767	111,599	40,445	70,399
Adjustment for:				
Depreciation of property, plant and equipment	5,318	6,134	–	–
Amortisation of intangible assets	9,505	12,604	–	–
Interest income	(989)	(12,165)	–	–
Provision for doubtful trade receivables	–	2,155	–	–
Write off of intangible assets	–	92	–	–
Gain on disposal of property, plant and equipment	(149)	–	–	–
Share-based compensation expense	490	29,141	–	–
Currency translation adjustment	–	(3,375)	–	–
Non-cash items	–	–	19,982	20,275
Operating profit before working capital changes	58,942	146,185	60,427	90,674
Increase in inventories	(533)	(412)	–	–
Increase in trade and other receivables	(36,479)	(69,997)	–	–
Increase in trade and other payables	3,314	15,559	–	–
(Decrease)/Increase in deferred revenue	8,747	(8,669)	–	–
Net changes in working capital	–	–	(14,444)	(76,067)
Cash generated from operations	33,991	82,666	45,983	14,607
Interest received	989	7,951	727	7,017
Interest paid	–	–	–	36
Income tax paid	(4,596)	(5,375)	(5,370)	(10,558)
Net cash from operating activities	30,384	85,242	41,340	11,102

	For the year ended 31 December		For the six months ended 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Cash flows from investing activities				
Decrease/(Increase) in time deposits with original maturities exceeding three months	–	(351,636)	(30,000)	249,668
Increase in pledged bank deposits	–	–	–	(221,636)
Purchase of property, plant and equipment	(7,405)	(8,222)	(5,389)	(12,400)
Proceeds from disposal of property, plant and equipment	151	–	–	320
Purchase of intangible assets	(15,618)	(4,158)	(83)	(6,961)
Addition in development costs through internal development	(12,383)	(12,777)	(6,763)	(9,149)
Acquisition of subsidiary, net of cash acquired	–	–	–	(216,531)
Investments in associates	–	(6,682)	–	(7,955)
Purchase of available-for-sale financial assets	(7,000)	(40,435)	(4,000)	(25,000)
Proceeds from disposal of available- for-sale financial assets	–	5,000	4,000	–
Repayment/(Addition) in loans to shareholders	(25,000)	25,000	25,000	–
Addition in loans to a third party	–	–	–	(40,000)
Net cash used in investing activities	(67,255)	(393,910)	(17,235)	(289,644)

	For the year ended 31 December		For the six months ended 30 June	
	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Cash flows from financing activities				
Dividends paid	–	(299,998)	(299,998)	(50,273)
Interest paid	–	–	–	(36)
Proceeds from short-term bank borrowings	–	–	–	120,910
Proceeds from issuance of shares upon exercise of share options	–	–	–	2,494
Proceeds from issuance of Series A Preferred Shares	–	300,000	300,000	–
Proceeds from issuance of new shares in connection with the listing of the Company's shares	–	661,207	661,207	–
Payment for repurchase of shares	–	(1,916)	–	–
Payment of share issuance expenses	–	(41,998)	(35,743)	–
Net cash from financing activities	–	617,295	625,466	73,095
Net increase/(decrease) in cash and cash equivalents	(36,871)	308,627	649,571	(205,447)
Cash and cash equivalents at beginning of year/period	95,587	58,716	58,716	367,343
Cash and cash equivalents at end of year/period	58,716	367,343	708,287	161,896
Analysis of balances of cash and cash equivalents				
Bank balances and cash	58,716	718,979	738,287	263,864
Less: time deposits with original maturities exceeding three months	–	(351,636)	(30,000)	(101,968)
	58,716	367,343	708,287	161,896

B. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed elsewhere, Ourgame Group has the following material transactions after the reporting period:

Subsequent to 31 December 2014, the Board and Card Games Administrative Center of the General Administration of Sports[#] (國家體育總局棋牌運動管理中心) as (“**Board and Card Games Administrative Center**”) confirmed in a press conference held on 19 March 2015 that Beijing Lianzhong Co., Ltd. (“**Beijing Lianzhong**”), a wholly-owned subsidiary of Ourgame, will be granted an exclusive right to operate the third National Games of Mind Sports[#] (智運會)(the “**NGMS**”) for 2015. The operations in relation to the NGMS carried out by Beijing Lianzhong will include development, marketing, reporting, online video broadcasting and streaming of the NGMS.

On 30 May 2015, Beijing Lianzhong and Tianjin Zhongqi Weiye Sports Development Co., Ltd.[#] (天津中棋惟業體育發展有限公司)(“**Zhongqi Weiye**”, together with Beijing Lianzhong, the “**Ourgame Subsidiaries**”), both wholly-owned subsidiaries of Ourgame, entered into a cooperation agreement (the “**Ourgame Agreement**”) with the Board and Card Games Administrative Center. Under the Ourgame Agreement, the Ourgame Subsidiaries will be responsible for the Board and Card Integrated Business Internet Management Project[#] (棋牌綜合業務網絡化管理項目). The term of the Ourgame Agreement is ten years, and the expiration date of the Agreement is 29 May 2025. The Ourgame Subsidiaries have priority right to renew the Ourgame Agreement following the expiry of the term of the Ourgame Agreement.

On 19 June 2015, Noble Link Global Limited (“**Noble Link**”), a wholly-owned subsidiary of Ourgame, as purchaser and Ourgame as purchaser’s guarantor, entered into a share purchase agreement with Party Ventures Limited (“**Party Ventures**”) as vendor and bwin.party digital entertainment plc as vendor’s guarantor, pursuant to which the Party Ventures agreed to sell and Noble Link agreed to purchase the entire issued share capital of Peerless Media Limited for an aggregate consideration of US\$35 million (equivalent to approximately RMB214 million or HK\$271 million), subject to adjustments.

On 9 November 2015, Beijing Lianzhong and Zhongqi Weiye entered into the internet copyright cooperation agreement (the “**ICCA**”) with PPLive Inc. (上海聚力傳媒技術有限公司)(“**PPTV**”). The expiration date of the ICCA is 31 December 2017. Under the ICCA, on the basis that PPTV pays Beijing Lianzhong and Zhongqi Weiye the applicable fees, PPTV will enjoy certain rights within the PRC (excluding Hong Kong, Macau and Taiwan).

On 24 November 2015, Beijing Irena and Glassy Mind entered into a sale and purchase agreement (the “**Ourgame SPA 1**”) with Elite Vessels Limited, Sonic Force Limited, Blink Milestones Limited, Prosper Macrocosm Limited, Golden Liberator Limited (collectively, the “**Ourgame Seller Group**”), Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri and Ms. Long Qi (collectively, the “**Ourgame Seller Group Guarantors**”), pursuant to which Glassy Mind has conditionally agreed to purchase, and the Ourgame Seller Group has conditionally agreed to sell an aggregate of 186,800,000 shares, representing approximately 23.78% of the issued share capital of Ourgame. In addition, the Ourgame Seller Group Guarantors have unconditionally and irrevocably agreed to guarantee the full and punctual performance by the Ourgame Seller Group’s obligations under the agreement. Furthermore, Mr. Liu Jiang and Mr. Zhang Rongming have agreed to vote in favour of a board resolution before or upon completion of the Ourgame SPA 1 to appoint a candidate nominated by Glassy Mind to the Board and the risk management committee of Ourgame. The total consideration payable by Glassy Mind is HK\$1,140,638,160, representing HK\$6.1062 per share.

On 24 November 2015, the board of directors of Ourgame understood that Glassy Mind also entered into a sale and purchase agreement with KongZhong Corporation, pursuant to which Glass Mind has agreed to conditionally acquire an additional 39,200,000 shares in Ourgame, representing approximately 4.99% of the issued share capital of Ourgame. The total consideration payable by Glassy Mind for the acquisition of such additional shares is HK\$239,363,040, representing HK\$6.1062 per share.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Ourgame Group, Ourgame or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2014 and up to the date of this report.

Set out below is the management discussion and analysis on Ourgame Group, which is based on the financial information of Ourgame Group in its 2015 interim report published on 23 September 2015 on the website of the Stock Exchange (<http://www.hkex.com.hk>), particulars of which are as follows:

BUSINESS REVIEW

The revenue of Ourgame Group for the six months ended 30 June 2015 amounted to RMB325.1 million, representing an increase of 56.8% over the same period in 2014. Their net profit for the six months ended 30 June 2015 reached RMB62.5 million, which represents an increase of 88.4% compared with the same period in 2014. Their non-IFRS adjusted net profit* for the six months ended 30 June 2015 reached RMB84.4 million, representing an increase of 34.7% compared with the same period in 2014. Their monthly active users (“MAUs”) for the six months ended 30 June 2015 amounted to 29.3 million, which represents an increase of 19.7% over the MAUs for the same period in 2014. Their monthly paying users (“MPUs”) reached 1.8 million, which represents an increase of 145.1% over the MPUs for the same period in 2014. The monthly average revenue per paying user (“ARPPU”) for both PC games and mobile games reached RMB69.0 and RMB20.4, respectively, representing a decrease of 2.4% and an increase of 10.3%, respectively, over the same period in 2014.

In the first half of 2015, revenue from the PC platform for the six months ended 30 June 2015 amounted to RMB148.8 million, representing a 0.3% decrease over the same period in 2014. Their MPUs from the PC platform for the six months ended 30 June 2015 reached approximately 333,000, representing a 6.7% growth compared to the same period in 2014. The paying ratio from PC games is 3.4%, representing a 10.6% increase over the same period in 2014. As their major online/offline tournament events are mostly scheduled in the second half of the year, PC games’ stable growth in the first half of 2015 was mainly driven and supported by our eco-system components. In Texas Hold’em for example, they have explored promotion in Texas Hold’em vertical media, launched a series of eye-catching short videos and reality shows featuring Texas Hold’em stars, including China Poker Show which has been very successful in reaching the targeted user segment, attracting quality traffic and further accelerating user acquisition.

Their mobile game business for the six months ended 30 June 2015 reached RMB175.0 million, which represents a 218.4% increase over the six months ended 30 June 2014. The MAUs reached 19.5 million, representing an increase of 36.6% over the same period in 2014. The MPUs amounted to 1.4 million, an increase of 249.2% compared with the six months ended 30 June 2014. The ARPPU reached RMB20.4, representing a 10.3% increase over the same period in 2014. The paying ratio reached 7.4% for the six months ended 30 June 2015. The outstanding performance can be attributed to the continued enhancement of their games, closer cooperation with mobile phone manufacturers and the precise execution of their online/offline model. For instance, Fight the Landlord Golden League is one of the important offline events of Ourgame. The online portion of the event was previously mostly geared toward their PC users, but is now also opened to their mobile users. They have drawn approximately 200,000 new users from just one major mobile phone manufacturer in one week’s time by co-promoting the event. In addition, the MPUs for Fight the Landlord as of 30 June 2015 reached 1.1 million, representing a 239.3% increase over the same period in 2014, thanks to the synergy of the online/offline business model. Some mobile carriers’ change in their charging management policy in the first half of

* Non-IFRS adjusted net profit was derived from the unaudited profit for the period excluding (i) share-based compensation expense; and (ii) expenses relating to the listing of Ourgame on the Stock Exchange in 2014 (if any)

2015 has impacted the industry as a whole and presented some challenges to them as well, but they believe it is temporary and has been largely mitigated which is reflected in their results. The quality of their mobile games products, diverse and expanding channels, synergy of our eco-systems and close cooperation with their mobile carrier partners will continue to drive their mobile business' growth going forward.

While maintaining rapid growth on their online games platform, they have been resolutely building their mind-sports eco-system and have made breakthrough progress in the first half of this year. On 30 May 2015, Ourgame entered into a cooperation contract with the Board and Card Games Administrative Center of the General Administration of Sports[#] (國家體育總局棋牌運動管理中心) (“**Board and Card Games Administrative Center**”). Granted with a ten-year privilege under the contract, Ourgame will acquire all commercial development rights in respect of all Internet-related aspects (including PC, WEB, mobile-internet and any future internet-related business models and medium based on digital technology) by the Board and Card Games Administrative Center and the relevant associations. They will be the Internet Plus provider and implementer to the Board and Card Games Administrative Center as it embarks upon the Internet Plus transformation of China's mind-sports industry, including but not limited to the creation of a unified national membership system and an internet-based competitions management platform, as well as new business models and initiatives in education, training and marketing. They will also be the sole and exclusive service provider to the Board and Card Games Administrative Center for its cooperation with Migu Culture and Technology Limited (“**Migu**”), the new internet and media arm for China Mobile Communications Corporation (“**China Mobile**”), which the parties have already entered into contract. The cooperation with the Board and Card Games Administrative Center filled the link in their eco-system on Card and Board Games Internet Plus, which will continuously generate new business opportunity and synergy for Ourgame.

On 25 June 2015, Ourgame completed the acquisition of Peerless Media Limited (“**Peerless**”), a television production, brand licensing, online service and tour management company which, together with its subsidiaries, produce high quality poker and online entertainment content under the World Poker Tour (“**WPT**”) brand. The acquisition is a breakthrough milestone for Ourgame and in one stroke Ourgame acquired multiple prized strategic assets and capabilities. First, with WPT's global brand recognition, land-based tournaments throughout the United States, Europe and Asia, high quality TV production shows aired in more than 150 countries and attracting a large group of sponsors, Ourgame now controls one of the most prized end-to-end tournament, media and advertising property in mind-sports globally. In addition, WPT brings in unmatched expertise and capability in tournament management, TV production, media broadcasting, brand management and one of the most extensive mind-sports TV libraries in the world. These expertise and capabilities will help Ourgame to accelerate its pace of building the industry's leading mind-sports eco-system, and further strengthen its competitive position. Furthermore, with WPT's global brand recognition and global reach, Ourgame can now reach a large, mainstream global audience in scale. With WPT, Ourgame can now introduce the best of the world to China, and the best of China to the world and open up unbound new opportunities. Ourgame is going global in a big way, and WPT as a member of Ourgame will lead the way.

FINANCIAL REVIEW

1. Overview

For the six months ended 30 June 2015, profit attributable to equity holders of Ourgame increased significantly and amounted to RMB62.5 million, representing an increase of RMB29.3 million from the corresponding period of 2014. Non-IFRS adjusted net profit* attributable to equity holders of Ourgame amounted to RMB84.4 million, representing a significant increase of RMB21.7 million as compared with RMB62.6 million for the corresponding period of 2014.

2. Revenue

For the six months ended 30 June 2015, revenue of Ourgame Group amounted to RMB325.1 million, representing an increase of RMB117.8 million or 56.8% as compared with RMB207.3 million for the corresponding period of 2014. The increase was due to significant increase in revenue from mobile games.

For the six months ended 30 June 2015, the revenue from self-developed PC games amounted to RMB138.5 million, representing an increase of RMB5.7 million or 4.3% as compared with RMB132.7 million for the corresponding period of 2014. Revenue from mobile games amounted to RMB175.0 million for the six months ended 30 June 2015, representing an increase of RMB120.1 million or 218.4% as compared with RMB55.0 million for the corresponding period of 2014. The increases in self-developed PC games and mobile games were primary driven by strong growth in their corresponding MPUs. For the six months ended 30 June 2015, MPUs for self-developed PC games and mobile games were approximately 333,000 and 1,449,000 respectively, as compared with approximately 312,000 and 415,000 for the corresponding period of 2014.

3. Cost of revenue and gross profit margin

For the six months ended 30 June 2015, cost of revenue of Ourgame Group amounted to RMB149.0 million, representing an increase of RMB71.9 million or 93.2% as compared with RMB77.1 million for the corresponding period of 2014. The resulting gross profit margin were 54.2% and 62.8% for the six months ended 30 June 2015 and 2014 respectively. The decrease in gross profit margin was mainly due to a significant increase in revenue from mobile games during the six months ended 30 June 2015 as compared with the corresponding period of 2014, whereas mobile games' cost of revenue is higher than Ourgame Group's average cost of revenue due to higher channel and distribution costs.

4. Other income

For the six months ended 30 June 2015, other income of Ourgame Group amounted to RMB14.3 million, representing an increase of RMB11.6 million or 418.9% as compared with RMB2.8 million for the corresponding period of 2014. This was primarily due to an increase of RMB11.6 million in bank interest income.

* Non-IFRS adjusted net profit was derived from the unaudited profit for the period excluding (i) share-based compensation expense; and (ii) expenses relating to the listing of Ourgame on the Stock Exchange in 2014 (if any).

5. Selling and marketing expenses

For the six months ended 30 June 2015, selling and marketing expenses of Ourgame Group amounted to RMB47.4 million, representing an increase of RMB24.0 million or 102.6% from RMB23.4 million over the corresponding period of 2014. The increase in selling and marketing expenses for the period was mainly due to additional costs incurred for the increase in marketing activities and staff costs.

6. Administrative expenses

For the six months ended 30 June 2015, administrative expenses of Ourgame Group amounted to RMB29.1 million, representing a decrease of RMB10.6 million or 26.8% as compared with RMB39.7 million for the corresponding period of 2014. The decrease was primarily due to no listing-related expenses for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB17.7 million).

7. Research and development expenses

For the six months ended 30 June 2015, research and development expenses of Ourgame Group amounted to RMB21.6 million, representing an increase of RMB4.0 million or 22.8% as compared with RMB17.6 million for the corresponding period of 2014. The increase in research and development expenses for the period was mainly due to additional costs incurred for the increase in research and development activities and personnel expenses.

8. Profit attributable to equity holders of Ourgame

For the six months ended 30 June 2015, profit attributable to equity holders of Ourgame amounted to RMB62.5 million, representing an increase of RMB29.3 million, or 88.4% as compared with RMB33.2 million for the corresponding period of 2014. The increase was primarily due to the significant increase in revenue.

9. Non-IFRS measure – adjusted net profit

For the six months ended 30 June 2015, unaudited non-IFRS adjusted net profit attributable to equity holders of Ourgame amounted to RMB84.4 million, representing an increase of RMB21.7 million, or 34.7% as compared with RMB62.6 million for the corresponding period of 2014. The increase was primarily due to the significant increase in revenue. Their unaudited non-IFRS adjusted net profit attributable to equity holders of Ourgame for the six months ended 30 June 2015 and 2014 were derived from profit attributable to equity holders of Ourgame for the period excluding their share of (i) share-based compensation expense of RMB21.8 million (six months ended 30 June 2014: RMB11.7 million); and (ii) no expenses relating to the listing of Ourgame on the Stock Exchange in 2014 (six months ended 30 June 2014: RMB17.7 million).

10. Income tax expense

For the six months ended 30 June 2015, income tax expense of Ourgame Group amounted to RMB7.9 million, representing an increase of RMB0.6 million, or 8.5% as compared with RMB7.2 million for the corresponding period of 2014. The increase was mainly due to the increase in profit before income tax.

11. Liquidity and source of funding and borrowing

As at 30 June 2015, Ourgame Group's total bank balances and cash (including pledged bank deposits) decreased by 32.5% from RMB719.0 million as at 31 December 2014 to RMB485.5 million. The decrease of total bank balances and cash for the period primarily resulted from the cash payment for the acquisition and investment activities during the six months ended 30 June 2015 for approximately RMB317.7 million, and the payment of 2014 final dividend for approximately RMB50.3 million.

As at 30 June 2015, the current assets of Ourgame Group amounted to RMB717.8 million, including RMB505.5 million in bank balances and cash (including pledged bank deposits) and available-for-sale financial assets, and other current assets of RMB212.3 million. Current liabilities of Ourgame Group amounted to RMB207.8 million, of which RMB57.8 million were trade payables and deferred revenue, RMB120.9 million were short-term bank borrowings, and other current liabilities of RMB29.1 million. As at 30 June 2015, the current ratio (the current assets to current liabilities ratio) of Ourgame Group was 3.5 as compared with 11.6 as at 31 December 2014.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over Ourgame Group's total equity. Except for the short-term bank borrowings of RMB120.9 million, Ourgame Group did not have other bank borrowings and other debt financing obligations as at 30 June 2015 or the date of this interim report and did not have any breaches of finance covenants. As at 30 June 2015 and 31 December 2014, cash and cash equivalents exceeded total borrowings, therefore the gearing ratio of Ourgame Group was zero. Ourgame Group intends to finance future expansion, investments and business operations with internal resources.

12. Material investments

During the six months ended 30 June 2015, Ourgame Group has completed the acquisition of the remaining 5.7143% equity interest in each of Shanghai Wangyu Information Technology Company Limited and Shanghai Wangyu Network Development Company Limited for an aggregate consideration of approximately RMB20 million. The completion of the acquisition took place in January 2015.

13. Material acquisitions

During the six months ended 30 June 2015, Ourgame Group has entered into an agreement for the acquisition of 100% equity interest in Peerless and its subsidiaries for an estimated aggregate cash consideration of RMB224.7 million. The acquisition has been completed at the end of June 2015. For details of the acquisition, please refer to Ourgame's announcement dated 22 June 2015.

14. Material disposals

Ourgame Group did not have any material disposals of subsidiaries or associated companies during the six months ended 30 June 2015.

15. Pledge of assets

As at 30 June 2015, Ourgame Group's bank deposits of RMB221.6 million were pledged to secure Ourgame Group's short-term bank borrowings.

16. Contingent liabilities

Ourgame Group had no material contingent liabilities as at 30 June 2015.

17. Foreign exchange exposure

During the six months ended 30 June 2015, Ourgame Group mainly operated in China and the majority of the transactions were settled in Renminbi, the functional currency of Ourgame and its primary subsidiaries. As at 30 June 2015, except for the short-term bank borrowings which are denominated in Euro, Ourgame Group did not have significant foreign currency exposure from its operations.

18. Employee's remuneration and policy

As at 30 June 2015, Ourgame Group has 767 employees (including WPT staff), 276 of which are responsible for game development, 340 for game operation, 119 for general administration and corporate management and 32 for WPT production. The total remuneration expenses, excluding share-based compensation expenses, for the first half of 2015 were RMB50.1 million, representing an increase of 23.0% as compared with that of the corresponding period in the previous year.

They provide external and internal training programs to their employees. As required by PRC law, they participate in various employee benefit plans, including housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. Pursuant to the Share Option Scheme, 47,040,000 share options were granted to the directors and senior management of Ourgame during the six months ended 30 June 2015.

Accordingly, Ourgame Group's share-based compensation expenses for the six months ended 30 June 2015 amounted to RMB21.8 million, representing an increase of RMB10.1 million as compared with RMB11.7 million for the corresponding period of 2014.

19. Change in functional currency

In prior years, the directors of Ourgame regarded United States dollars (“USD”) as the functional currency of Ourgame. Following the completion of the reorganisation and the listing of Ourgame on the Stock Exchange in 2014, Ourgame has deposited substantially all of its net proceeds from the listing into bank deposits denominated in RMB for continual expansion in both the PRC and abroad. Since then, Ourgame’s primary sources of revenues are interest income derived from bank deposits primarily denominated in RMB and dividend income in RMB to be derived from the operation of its major subsidiaries operating in the PRC, whose functional currency is RMB. Accordingly, the directors of Ourgame have determined the change of the functional currency of Ourgame from USD to RMB starting from 1 January 2015. Same as prior years, Ourgame will continue to present its financial statements in RMB. The change in functional currency of Ourgame has no material effect on the financial statements of Ourgame, and has been accounted for prospectively since 1 January 2015.

20. Events occurred since the end of the six-month period ended 30 June 2015

On 9 July 2015, 23,520,000 options were granted to key employees of Ourgame under the share option scheme. The exercise price of the share options granted is HK\$4.402 per share.

FUTURE PROSPECTS

In the second half of 2015, they will continue to invest in products and technology and enhance our game products across the PC and mobile platforms. With their major offline tournaments such as the eighth WPT Dragon Series, China Chess and Cards Competition-Beijing, WPT National China 2015, WPT National Korea, and the very first Mahjong International League Championship, they are expecting more new online traffic drawn by online qualifications of these major events.

With the acquisition of WPT, their international expansion will further accelerate. They will focus on integrating WPT’s products, offering and capabilities into our eco-system, and at the same time infusing technology and new products, in particular mobile products, into the WPT line-up and continue to expand WPT’s geographic reach.

With the cooperation with the Board and Card Games Administrative Center, they will also focus on delivering the first set of products and programs to the market, including but not limited to a unified membership system, education and training products, and cooperative products with Migu of China Mobile.

Their content and broadcast business, while as an important component of their eco-system has been an instrumental channel in reaching their users, is expected to enter its revenue generation stage in the second half of this year through its high quality content programs. Moreover, the new flagship Internet café jointly conceptualized and constructed by Ourgame and Wangyu Internet Café will open in the third quarter of 2015, bringing to the market a new online/offline user experience format that they believe will be trendsetting, open to nationwide franchising and fill in further the important online/offline user destination link in Ourgame’s mind-sports ecosystem.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of China Financial International Investments Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Financial International Investments Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2015, the pro forma consolidated statement of profit and loss and other comprehensive income for the year then ended, and related notes as set out in Appendix III of the circular dated 21 December 2015 (the “**Circular**”) issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in page III-4 of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the major transaction in relation to Strategic Cooperation Agreement (as defined in the Circular) of the Company on the Group's financial position as at 30 June 2015 and financial performance for the year then ended as if the transaction had taken place on 1 July 2014. As part of this process, information about the Group's financial position and its financial performance has been extracted by the Directors from the Group's financial statements for the year ended 30 June 2015 of the Group as set out in the annual report of the Company, on which an audit report has been published.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of major transaction in relation to Strategic Cooperation Agreement on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
22/F CITIC Towner
1 Tim Mei Avenue
Central, Hong Kong

21 December 2015

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group (the “**Unaudited Pro Forma Financial Information**”), which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Strategic Cooperation Agreement on the financial performance and position of the Group as if the Strategic Cooperation Agreement had been completed on 1 July 2014.

As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial performance and position of the Group following the completion of the Strategic Cooperation Agreement.

The Unaudited Pro Forma Financial Information is based on the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 June 2015 and the consolidated statement of financial position as at 30 June 2015, extracted from the published annual report of the Group on 27 October 2015 on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.irasia.com/listco/hk/cfii/>), after giving effect to the pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial information does not purport to describe the financial information of the Group that would have been attained had the Strategic Cooperation Agreement been completed on 1 July 2014. Furthermore, the accompanying Unaudited Pro Forma Financial Information of the Group does not purport to predict the Group’s future financial performance and position.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP FOR THE YEAR
ENDED 30 JUNE 2015**

	The Group for the year ended 30 June 2015 HK\$'000 (Note 1)	Pro forma adjustments for Strategic Cooperation HK\$'000 (Note 3, 4)	Unaudited Pro Forma of the Remaining Group HK\$'000
Revenue	2,126	44,900	47,026
Other income and gains	2,234		2,234
Net change in fair value of financial assets at fair value through profit or loss	45,212		45,212
Impairment loss of available-for-sale financial assets	(516)		(516)
Finance cost	(25,265)		(25,265)
Administrative expense	(25,386)	(400)	(25,786)
Share of loss of an associate	<u>(13)</u>		<u>(13)</u>
(Loss)/profit before tax	(1,608)		42,892
Income tax credit	<u>982</u>		<u>982</u>
(Loss)/profit for the year	<u>(626)</u>		<u>43,874</u>
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	(10,538)		(10,538)
Reclassification adjustment for loss included in profit or loss			
– Impairment loss	516		516
Income tax effect	<u>(399)</u>		<u>(399)</u>
	(10,421)		(10,421)
Exchange differences on translation of foreign operations	<u>(746)</u>		<u>(746)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(11,167)</u>		<u>(11,167)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(11,167)</u>		<u>(11,167)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>(11,793)</u></u>		<u><u>32,707</u></u>

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE ENLARGED GROUP AS AT 30 JUNE 2015**

	The Group as at 30 June 2015 HK\$'000 (Note 1)	Pro forma adjustments for Strategic Cooperation			Unaudited Pro forma of the Remaining Group HK\$'000
		HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	
NON-CURRENT ASSETS					
Property, plant and equipment	125				125
Investment in an associate	416				416
Available-for-sale financial assets	325,232				325,232
Financial assets at fair value through profit or loss	<u>550,542</u>	360,000			<u>910,542</u>
Total non-current assets	<u>876,315</u>				<u>1,236,315</u>
CURRENT ASSETS					
Financial assets at fair value through profit or loss	178,346				178,346
Prepayments, deposits and other receivables	39,685		44,900		84,585
Cash and cash equivalents	<u>287,295</u>	(360,000)		(400)	<u>(73,105)</u>
Total current assets	<u>505,326</u>				<u>189,826</u>
CURRENT LIABILITIES					
Other payables and accruals	217,845				217,845
Convertible bond	278,816				278,816
Due to a related company	15				15
Due to an associate	97				97
Tax payable	<u>4,200</u>				<u>4,200</u>
Total current liabilities	<u>500,973</u>				<u>500,973</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>4,353</u>				<u>(311,147)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>880,668</u>				<u>925,168</u>
NON-CURRENT LIABILITIES					
Interest bearing loans	62,965				62,965
Deferred tax liabilities	<u>4,567</u>				<u>4,567</u>
	<u>67,532</u>				<u>67,532</u>
Net assets	<u><u>813,136</u></u>				<u><u>857,636</u></u>
EQUITY					
Issued capital	46,717				46,717
Reserves	<u>766,419</u>		44,900	(400)	<u>810,919</u>
TOTAL EQUITY	<u><u>813,136</u></u>				<u><u>857,636</u></u>

Notes:

1. The amounts are extracted from the audited consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2015 and the consolidated statement of financial position as at 30 June 2015 of the Group as set out in the annual report of the Company.
2. The Strategic Cooperation Agreement dated 24 November 2015 entered into between Beijing Irena and the Company in relation to the injection of capital in the sum of HK\$770,000,000 by Yi Jia and HK\$360,000,000 by Best Joy to Glassy Mind for the acquisition of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame, by Glassy Mind. Pursuant to the Strategic Cooperation Agreement, the adjustment of HK\$ 44,900,000 is to reflect the estimated gain from Strategic Cooperation with the Guaranteed Return on the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of financial position of the Group as if the Strategic Cooperation Agreement had taken place on 1 July 2014 and is calculated based on $\text{Guaranteed Return} = \text{HK\$}360,000,000 [1 + (30\% \times N/365)]$. Such gain from the Strategic Cooperation will not have a continuing effect on the Group's financial performance.

The adjustment is to reflect the effect of the Acquisition of the Strategic Cooperation, on the consolidated statement of financial position of the Enlarged Group as if the Acquisition had taken place on 1 July 2014.

HK\$'000

Financial assets at fair value through profit or loss:

Acquisition cost	360,000
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3. The adjustment is to reflect the estimated gain from the Acquisition of the Strategic Cooperation on the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of financial position of the Group as if the Acquisition of the Strategic Cooperation had taken place on 1 July 2014.

HK\$'000

Other receivables:

Estimated gain = $\text{HK\$}360,000,000 (30\% \times N/365)$	44,900
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4. The adjustment reflects the transaction costs directly attributable to the Strategic Cooperation of approximately HK\$400,000 as estimated by the Directors.

Since the actual fair values of Acquisition of the Strategic Cooperation and the Guarantee Return will be different from the amounts used in the preparation of the Unaudited Pro Forma Financial Information, the actual gain or loss on the Acquisition of the Strategic Cooperation may be materially different from the estimated amounts shown here.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the total issued share capital of the Company
Mr. Du Lin Dong ("Mr. Du") (Notes 1 and 2)	Interest in controlled corporation	500,000,000	4.56%
	Beneficial owner	185,914,830	1.70%
	Interest of spouse	34,400,000	0.31%

Notes:

- Mr. Du is the spouse of Ms. Liu Zan, and is deemed to be interested in the Shares held by Ms. Liu Zan.
- The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du. Mr. Du is deemed to be interested in the Shares held by Rightfirst Holdings Limited.

(ii) Long position in the share options of the Company

Name of Director	Number of options directly beneficially owned
Mr. Du	4,700,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

(i) Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the total issued share capital of the Company
Rightfirst Holdings Limited (Note 1)	Beneficial owner	500,000,000	4.56%
Ms. Liu Zan (Notes 1 and 2)	Beneficial owner	34,400,000	0.31%
Excel Gainer International Limited (Note 3)	Beneficial owner	2,200,000,000	20.08%
Mr. Wu Jiawei ("Mr. Wu") (Note 3)	Interest in controlled corporation	2,200,000,000	20.08%

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the total issued share capital of the Company
Ms. Ye Xiaowen (<i>Note 3</i>)	Interest of spouse	2,200,000,000	20.08%
Hong Rui Holdings Limited (<i>Note 4</i>)	Beneficial owner	1,700,000,000	15.51%
Mr. Lan Heng (“ Mr. Lan ”) (<i>Note 4</i>)	Interest in controlled corporation	1,700,000,000	15.51%
Ruixin Taifu Investment Group Co., Ltd (<i>Note 5</i>)	Beneficial owner	1,800,000,000	16.43%
Mr. Xu Rongta (“ Mr. Xu ”) (<i>Note 5</i>)	Interest in controlled corporation	1,800,000,000	16.43%

Notes:

1. The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du. Mr. Du is deemed to be interested in the Shares held by Rightfirst Holdings Limited.
2. Ms. Liu Zan is the spouse of Mr. Du, and is deemed to be interested in the Shares held by Mr. Du.
3. The entire issued share capital of Excel Gainer International Limited is owned as to 90% by Mr. Wu and as to 10% by Ms. Ye Xiaowen. Mr. Wu is deemed to be interested in the Shares held by Excel Gainer International Limited. Ms. Ye Xiaowen is the spouse of Mr. Wu, and is deemed to be interested in the Shares held by Mr. Wu.
4. The entire issued share capital of Hong Rui Holdings Limited is beneficially owned by Mr. Lan. Mr. Lan is deemed to be interested in the Shares held by Hong Rui Holdings Limited.
5. The entire issued share capital of Ruixin Taifu Investment Group Co., Ltd is beneficially owned by Mr. Xu. Mr. Xu is deemed to be interested in the Shares held by Ruixin Taifu Investment Group Co., Ltd.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 30 June 2015 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which is contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which had been since 30 June 2015 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (1) the agreement (“**CS Agreement 1**”) dated 30 January 2014 and entered into between the Company and United Truth Group Limited (“**United Truth**”), in relation to the related consultancy services provided by United Truth to the Company;
- (2) the agreement (“**CS Agreement 2**”) dated 7 April 2014 and entered into between the Company and GCA Special Situations (A) Limited (“**GCA**”), in relation to the related consultancy services provided by GCA to the Company;
- (3) the supplemental agreements dated 7 April 2014 and 3 June 2014, respectively, and entered into between the Company and United Truth, in relation to the refined scope of services under the CS Agreement 1, by which, United Truth is only required to introduce high net worth potential investors in the PRC being mainly institutional investors acceptable to the Company when required by the Company;
- (4) the supplemental agreement dated 3 June 2014 and entered into between the Company and GCA, in relation to the refined scope of services under the CS Agreement 2, by which, GCA is only required to introduce potential investors in the PRC being mainly individuals and families for the purpose of Capital Investment Entrant Scheme implemented by the Immigration Department of Hong Kong acceptable to the Company;
- (5) the subscription agreement dated 3 September 2015 and entered into between the Company and Excel Gainer International Limited as subscriber, in relation to the subscription for 2,200,000,000 new Shares at the subscription price of HK\$0.20 per subscription share;
- (6) the subscription agreement dated 3 September 2015 and entered into between the Company and Hong Rui Holdings Limited as subscriber, in relation to the subscription for 1,700,000,000 new Shares at the subscription price of HK\$0.20 per subscription share;
- (7) the subscription agreement (the “**Subscription Agreement A**”) dated 3 September 2015 and entered into between the Company and Ruixin Taifu Investment Group Co., Ltd (“**Ruixin Taifu**”) as subscriber, in relation to the subscription for 1,800,000,000 new Shares at the subscription price of HK\$0.20 per subscription share;
- (8) the supplemental agreement dated 13 November 2015 and entered into between the Company and Ruixin Taifu, in relation to, the extension of the completion date of the Subscription Agreement A; and
- (9) the Strategic Cooperation Agreement.

10. CORPORATE INFORMATION OF THE GROUP

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	Suites 5704-05, 57/F Central Plaza 18 Harbour Road Wanchai, Hong Kong
Principal share registrar and transfer agent	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Company secretary	Mr. Li Chi Chung (<i>Solicitor of the High Court of the HKSAR</i>)

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Suites 5704-05, 57/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- (c) the report issued by Ernst & Young on the unaudited pro forma financial information of the Group for the Strategic Cooperation, the text of which is set out in Appendix III to this circular;
- (d) the letter of consent referred to in the paragraph headed "Expert and consent" in this appendix;
- (e) copy of each of the material contracts referred to in the paragraph headed "Material contracts" of this appendix; and
- (f) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of China Financial International Investments Limited (the “**Company**”) will be held at Suites 5704-05, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 7 January 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) subject to the passing of the resolution no. 2 below, the investment strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) dated 24 November 2015 (a copy of which has been produced to this meeting marked “A” and initialled by the Chairman for the purpose of identification), and entered into between the Company and Beijing Irena Culture Co., Ltd (“**Beijing Irena**”), in relation to the injection of capital (the “**Strategic Cooperation**”) in the sum of HK\$770,000,000 by Yi Jia Investment Limited (“**Yi Jia**”), a wholly-owned subsidiary of Beijing Irena, and HK\$360,000,000 by Best Joy Asia Investment Limited (“**Best Joy**”), a wholly-owned subsidiary of the Company, to Glassy Mind Holdings Limited (“**Glassy Mind**”), which is owned as to 70% by Yi Jia and as to 30% by Best Joy, for the purpose of the acquisition by Glassy Mind of in aggregate 226,000,000 shares, representing approximately 28.76% of the issued share capital in Ourgame International Holdings Limited (“**Ourgame**”), the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 6899), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any director of the Company (“**Director(s)**”) be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Strategic Cooperation Agreement of the transactions contemplated thereunder including but not limited to the Strategic Cooperation in accordance with and subject to the terms and conditions of the Strategic Cooperation Agreement; and

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- (c) any Director be and is hereby authorised to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the company secretary (the “**Company Secretary**”) of the Company) and to take such steps as he may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Strategic Cooperation and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

2. “**THAT**

- (a) subject to the completion of the Strategic Cooperation and the passing of the resolution no. 1 above, the buy-back (the “**Disposal**”) of the 30% issued share capital in Glassy Mind from Best Joy by Beijing Irena, at the consideration (the “**Guaranteed Return**”), being HK\$360,000,000 $[1 + (30\% \times N/365)]$ (where “N” represents the number of calendar days from the date of the payment of the investment amount to 30 June 2016, by Best Joy to Glassy Mind) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Strategic Cooperation Agreement of the transactions contemplated thereunder including but not limited to the Disposal in accordance with and subject to the terms and conditions of the Strategic Cooperation Agreement; and
- (c) any Director be and is hereby authorised to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the Company Secretary) and to take such steps as he may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Disposal and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

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

Hong Kong, 21 December 2015

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Suites 5704-05, 57/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

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Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxy to attend and to vote in his stead in accordance with the memorandum of association and bye-laws of the Company. A proxy need not to be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, then one of the said holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the above meeting or any adjournment thereof.
4. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the above meeting and in such event, the form of proxy shall be deemed to be revoked.
5. The voting on the resolution to be conducted at the above meeting shall be taken by way of poll.

As at the Latest Practicable Date, the executive Directors are Mr. Du Lin Dong and Mr. Pong Po Lam, the non-executive Directors are Mr. Sha Naiping and Mr. Ding Xiaobin and the independent non-executive Directors are Dr. Cheung Wai Bun Charles, Mr. Zeng Xianggao and Mr. Li Cailin.