

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA FINANCIAL INTERNATIONAL INVESTMENTS LIMITED

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

The board (the “Board”) of directors (the “Directors”) of China Financial International Investments Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2011 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

		Unaudited	
		Six months ended	
		31 December	
		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,078	1,801
Other income	4	2,310	161
Net change in fair value (loss)/gain of financial assets at fair value through profit or loss	5	(122,119)	14,582
Administrative expenses		(16,562)	(8,943)
Share of results of an associate		44	(29)
		<hr/>	<hr/>
(Loss)/profit before tax	6	(135,249)	7,572
Income tax expense	7	(147)	(131)
		<hr/>	<hr/>
(Loss)/profit for the period		(135,396)	7,441
Other comprehensive income			
– Exchange difference on translation of financial statements of overseas subsidiaries		269	–
– Change in fair value on available-for-sale investments		16,471	–
– Income tax effect		(1,647)	–
		<hr/>	<hr/>
Total comprehensive income for the period		(120,303)	7,441
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/Earnings per share			
Basic	9(a)	(3.29) cents	0.28 cents
Diluted	9(b)	(3.29) cents	0.27 cents
		<hr/> <hr/>	<hr/> <hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Unaudited 31 December 2011 <i>HK\$'000</i>	Audited 30 June 2011 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	4,715	5,499
Interests in an associate	313	269
Available-for-sale financial assets	327,819	311,349
Financial assets at fair value through profit or loss	121,399	–
Loan receivable	35,894	35,894
	490,140	353,011
CURRENT ASSETS		
Financial assets at fair value through profit or loss	103,590	300,561
Amount due from a shareholder	19	19
Prepayments, deposits and other receivables	66,507	86,376
Tax recoverable	4,322	–
Cash and bank balances	38,206	81,789
	212,644	468,745
CURRENT LIABILITIES		
Other payables and accruals	297	420
Amount due to a related company	1,134	1,233
Amount due to an associate	64	320
Tax payable	4,199	5,993
	5,694	7,966
Total current liabilities	5,694	7,966
Net current assets	206,950	460,779
TOTAL ASSETS LESS CURRENT LIABILITIES	697,090	813,790
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,947	1,300
Net assets	694,143	812,490
EQUITY		
Issued capital	41,094	41,094
Reserves	653,049	771,396
Total equity	694,143	812,490
Net asset value per share	16.9 cents	19.8 cents

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2011

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2011 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale financial assets, which have been measured at fair values. The interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

2.1 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2011, except for the adoption of following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as of 1 July 2011, noted below:

HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i>
<i>Improvements to HKFRSs 2010</i>	<i>Amendments to a number of HKFRSs issued in May 2010</i>

The adoption of these new and revised HKFRSs has had no significant financial impact on the Group’s results and financial position.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this interim financial information.

HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ³
HKFRS 11	<i>Joint Arrangements</i> ³
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ³
HKFRS 13	<i>Fair Value Measurement</i> ³
HKAS 1 Amendments	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ²
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ³
HKAS 27 (2011)	<i>Separate Financial Statements</i> ³
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ³
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ³

¹ Effective for annual periods beginning on or after 1 January 2012

² Effective for annual periods beginning on or after 1 July 2012

³ Effective for annual periods beginning on or after 1 January 2013

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new standards and amendments. So far, the Group considers that except for the adoption of HKFRS 9, HKFRS 10, HKFRS 12 and HKFRS 13, HKAS 1 Amendments, these new standards and amendments are unlikely to have a significant impact on the Group's results and financial position.

3. SEGMENT INFORMATION

Information reported to the executive directors, the chief operating decision makers of the Group, is focused on the categories of investments. The Group's operating and reportable segments under HKFRS 8 are as follows:

Available-for-sale financial assets	Investments in unlisted securities
Financial assets at fair value through profit or loss (“FVTPL”)	Investments in trading securities listed on The Stock Exchange of Hong Kong Limited, and derivative contracts held for trading and unlisted securities designated as financial assets at fair value through profit or loss upon acquisition and redeemable convertible bonds at FVTPL

Segment revenues and results

Six months ended 31 December 2011

	Unaudited Investment in available-for-sale financial assets <i>HK\$'000</i>	Unaudited Investment in financial assets at FVTPL <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
Segment results	<u>–</u>	<u>(121,041)</u>	(121,041)
Share of results of an associate			44
Unallocated income			2,310
Unallocated expenses			<u>(16,562)</u>
Loss before tax			(135,249)
Income tax expense			<u>(147)</u>
Loss for the period			<u><u>(135,396)</u></u>

Six months ended 31 December 2010

	Unaudited Investment in available-for-sale financial assets <i>HK\$'000</i>	Unaudited Investment in financial assets at FVTPL <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
Segment results	<u>–</u>	<u>16,541</u>	16,541
Share of results of an associate			(29)
Unallocated income			3
Unallocated expenses			<u>(8,943)</u>
Profit before tax			7,572
Income tax expense			<u>(131)</u>
Profit for the period			<u><u>7,441</u></u>

Segment results represent (loss)/gain on disposal of investments in listed and unlisted securities, fair value (loss)/gain on financial assets at FVTPL and the corresponding dividend income earned from financial assets at FVTPL without allocation of central administration expenses and fees to the investment managers.

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

	Unaudited 31 December 2011 <i>HK\$'000</i>	Audited 30 June 2011 <i>HK\$'000</i>
Available-for-sale financial assets	327,819	311,349
Financial assets at FVTPL	224,989	300,561
	<hr/>	<hr/>
Total segment assets	552,808	611,910
Unallocated assets	149,976	209,846
	<hr/>	<hr/>
	702,784	821,756
	<hr/> <hr/>	<hr/> <hr/>

For the purpose of monitoring segment performances and allocation resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, interest in an associate, loan receivable, other receivables and prepayments, consideration receivable from disposal of investments and bank balances.

All liabilities as at 31 December 2011 and 30 June 2011 are unallocated liabilities

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

4. REVENUE AND OTHER INCOME

	Unaudited Six months ended 31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE		
Dividend income from listed securities	1,078	1,801
	<hr/>	<hr/>
OTHER INCOME		
Interest income	2,310	161
	<hr/>	<hr/>

5. NET CHANGE IN FAIR VALUE (LOSS)/GAIN OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	
	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
Net realised (loss)/gain on financial assets at fair value through profit or loss	(9,354)	5,959
Net unrealised (loss)/gain on financial assets at fair value through profit or loss	(112,765)	8,623
	<u>(122,119)</u>	<u>14,582</u>

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
Custodian fee	67	71
Depreciation	891	87
Investment management fee	528	1,010
Net foreign exchange	–	(99)
Operating lease	1,674	695
Staff costs, including directors' remuneration:		
Salaries and wages	7,827	3,664
Pension scheme contributions	38	37
Equity-settled share option expense	1,956	1,325
	<u>1,956</u>	<u>1,325</u>

7. INCOME TAX

	Unaudited	
	Six months ended	
	31 December	
	2011	2010
	HK\$'000	HK\$'000
Current – Hong Kong		
– Charge for the period	–	(1,141)
– Over provision in prior period	–	1,010
Current – People's Republic of China ("PRC")	(147)	–
	<u>(147)</u>	<u>(131)</u>

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits in Hong Kong during the six months ended 31 December 2011. Taxes on profits assessable in other jurisdiction have been calculated at the rates of tax prevailing in the respective jurisdictions during the period.

Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2010.

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2011 (31 December 2010: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the six months ended 31 December 2011 of HK\$135,396,000 (2010: HK\$7,441,000) and the weighted average number of ordinary shares of 4,109,384,000 (2010: 2,685,711,000) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 31 December 2011 in respect of a dilution as the impact of the share options granted under the share option scheme outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

For the six months ended 31 December 2010, the calculation of diluted earnings per share is based on the profit of HK\$7,441,000. The weighted average number of ordinary shares used in the calculation is 2,685,711,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 17,067,000 assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the second half of 2011, the Euro zone debt crisis, high unemployment rate in the United States (the “U.S.”) and the downgrading of its credit rating, as well as a tightening of monetary policy in the PRC, we saw the global stock markets turn tumultuous. For the six months ended 31 December 2011 (the “**Period**”), the Group suffered a loss of HK\$135.40 million, compared with a profit of HK\$7.44 million for the same period last year. The loss was mainly due to realised loss and unrealised loss on listed investments at fair value through profit or loss of approximately HK\$124.86 million (31 December 2010: a profit of HK\$14.43 million). General and administrative expenses were increased for the Group to go in line with its strategic shift to invest in financing service industry and the increase in operating activities for investments at earlier stages.

Investment Portfolio

Listed Investments

For the six months ended 31 December 2011, the listed investments were all equity shares listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2011, the market value of the listed investments was amounted to approximately HK\$99.86 million (30 June 2011: HK\$300.56 million).

Unlisted Investments

As at 31 December 2011, the Group’s unlisted investments at fair value, totaled HK\$452.95 million (30 June 2011: HK\$311.35 million).

The following table shows the unlisted investments held by the Group as at 31 December 2011:

Name of Company	Location	Business Nature	Fair Value HK\$'000
Micro-loan service			
(a) Jingdezhen CFI Guosen Microfinance Co., Ltd.	Jingdezhen, Jiangxi Province	Provision of small loan and financial business	149,323
(b) TianJin XEDA Microfinance Co., Ltd	Tianjin	Provision of small loan and financial business	74,113
(c) Tianjin Rongshun Microfinance Limited	Tianjin	Provision of small loan and financial business	36,365
(d) TIIC RongShun Micro-Loan Company Limited	Tianjin	Provision of small loan and financial business	12,137
(e) Zhengzhou Economic Technological Development Mingyang Micro-loan Limited	Zhengzhou, Henan Province	Provision of small loan and financial business	39,278
(f) Harbin Daowaiqu Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	Provision of small loan and financial business	36,855
(g) Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	Donghu District, Nanchang, Jiangxi Province	Provision of small loan and financial business	36,042
		Sub-total:	384,113
Guarantee service			
(h) Jiangxi Zhongjin Hanchen Guarantee Company Limited	Nanchang, Jiangxi Province	Provision of guarantees to small and medium enterprises	43,831
Consultation service			
(i) Shenzhen Zhongtougjinxin Asset Management Company Limited	Shenzhen, Guangdong Province	Provision of consultation service on project investment	7,407
Information system service and mining			
(j) Globe Capital Resources Investment Limited	British Virgin Islands	Investment holdings	17,596
		Total:	<u>452,947</u>

- (a) The Company invested in 23.33% equity interest of Jingdezhen CFI Guosen Microfinance Co., Ltd., (“**Jingdezhen CFI Guosen**”) for a consideration of RMB116.67 million. Jingdezhen CFI Guosen is principally engaged in the provision of rapid and nimble small loan and credits to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses and also in the provision of the management and financial consultation services for the development of local enterprises in Jingdezhen, Jiangxi Province, the PRC.
- (b) The Company invested in 30% equity interest of TianJin XEDA Microfinance Co., Ltd. (“**Tianjin XEDA**”) for a consideration of RMB60 million. Tianjin XEDA is principally engaged in the provision of rapid and nimble small loan, small loan settlement services and consultation services in Tianjin, the PRC.
- (c) The Company invested in 30% equity interest of Tianjin Rongshun Microfinance Limited (“**Tianjin Rongshun**”) for a consideration of RMB30 million. Tianjin Rongshun is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (d) The Company invested in 10% equity interest of TIIC RongShun Micro-Loan Company Limited for a consideration of RMB10 million. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (e) The Group entered into a sales and purchase agreement to acquire 30% equity interest of 鄭州經濟技術開發區明陽小額貸款有限公司 (transliterated as Zhengzhou Economic Technological Development Mingyang Micro-loan Limited) for a consideration of RMB30 million on 20 February 2011. It is principally engaged in the provision of rapid and nimble small loan and financial consultation services in Zhengzhou, Henan Province, the PRC.

On 21 February 2011, the Group settled the full considerations of HK\$35,549,000. The completion of this acquisition is conditional upon approval of relevant government authorities in Henan Province, the PRC. According to the sales and purchase agreements and having sought advice from the Company’s PRC legal advisers, the directors are of the opinion that the Group has beneficiary interests on these 30% equity interest of Zhengzhou Mingyang after upon settlement of the full considerations. The Group anticipates completion of the acquisition within 2 years.

- (f) The Company invested in 30% equity interest of Harbin Daowaiqu Zhongjinguoxin Microfinance Co., Ltd. (“**Harbin Daowaiqu Zhongjinguoxin**”) for a consideration of RMB30 million. Harbin Daowaiqu Zhongjinguoxin is principally engaged in the provision of rapid and nimble small loan service in Harbin, Heilongjiang Province, the PRC.
- (g) The Company invested in 30% equity interest of Nanchang Donghu Zhongjincaixin Microfinance Co., Limited for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loans, and enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Donghu District, Nanchang, Jiangxi Province, the PRC.
- (h) The Group made an investment of RMB36 million to acquire 30% equity interest of 江西中金漢辰擔保有限公司 (transliterated as Jiangxi Zhongjin Hanchen Guarantee Company Limited). It is principally engaged in the provision of guarantees to SMEs and assists such enterprises in obtaining loans from financial institutions in Jiangxi Province, the PRC.
- (i) The Company invested in 30% equity interest of 深圳市中投金信資產管理有限公司 (transliterated as Shenzhen Zhongtougjinxin Asset Management Company Limited, “**Shenzhen Zhongtougjinxin**”) for a consideration of RMB15 million. The first contribution of RMB6 million had been made by the Company and the second contribution of RMB9 million will be made within two years from 20 April 2011 of business license which was granted to Shenzhen Zhongtougjinxin. Shenzhen Zhongtougjinxin is principally engaged in the consultation on project investment, enterprise management and economic information and corporate image planning. Besides, it is also engaged in product appearance design, graphic design, cartoons and animation design and the assignment of self-designed technologies.
- (j) The Company held 30% equity interest in Globe Capital Resources Investment Limited (“**Globe Capital**”). Globe Capital is principally engaged in investment holdings which had two investments with 30% equity interest in 江西九三三科技發展有限責任公司 (transliterated as Jiangxi 933 Technology Development Company Limited, “**Jiangxi 933**”) and with 25% equity interest in 贛縣長鑫礦業有限責任公司 (transliterated as Gan County Changxin Mining Company Limited, the “**Changxin Mining**”) respectively. Jiangxi 933 is principally engaged in the provision of information system service while Changxin Mining is principally engaged in exploitation of metal mines.

Investment Agreements

Starting from the end of 2010, the Group has centered on the strategy formulated by the Board which is extending its investment direction to the micro finance service sectors (including small loan, guarantee firms, etc.) in the PRC. The Group is continually increasing its investments in micro finance services. During the six months ended 31 December 2011, the Group entered into the following legally binding agreements in respect of investments in micro finance services in the PRC:

- (1) On 18 July 2011, a joint venture company was formed – named Nanchang Donghu Zhongjincaixin Microfinance Co., Limited (“**Nanchang Donghu Zhongjincaixin**”). The Company agreed to invest in 30% equity interest of Nanchang Donghu Zhongjincaixin for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loans, as well as enterprise development, management and financial consultation services to small and medium enterprises (the “**SMEs**”), the rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Donghu District, Nanchang, Jiangxi Province, the PRC.
- (2) On 18 July 2011, a joint venture company was formed with the proposed name of 新余市渝水區中金國信新能源科技小額貸款股份有限公司 (transliterated as Xinyu Yushui District Zhongjinguoxin New Energy Technological Micro-loan Limited, “**Xinyu Yushui District Zhongjinguoxin**”). The Company agreed to invest in 30% equity interest of Xinyu Yushui District Zhongjinguoxin for a consideration of RMB75 million. It is principally engaged in the provision of rapid and nimble small loans, and enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Yushui District, Xinyu, Jiangxi Province, the PRC.
- (3) On 1 August 2011, a joint venture company was formed with the name of Tianjin Rongshun Microfinance Limited (“**Tianjin Rongshun**”). The Company agreed to invest in 30% equity interest of Tianjin Rongshun for a consideration of RMB30 million. Tianjin Rongshun is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.
- (4) On 16 August 2011, a joint venture company called TIIC RongShun Micro-Loan Company Limited (“**TIIC Rongshun**”) was formed. The Company agreed to invest in 10% equity interest of TIIC Rongshun for a consideration of RMB10 million. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin, the PRC.

- (5) On 22 November 2011, a joint venture company was formed with a proposed name of 南京高淳中金明陽科技小額貸款有限公司 (transliterated as Nanjing Gaochun Zhongjin Mingyang Technology Small Loan Limited, “**Nanjing Gaochunzhongjin**”). The Company agreed to invest in 30% equity interest of Nanjing Gaochunzhongjin for a consideration of RMB60 million. It is principally engaged in the provision of rapid and nimble small loans and enterprises development, management and financial consultation services to technology enterprises, sole proprietors and SMEs in Gaochun County, Nanjing, Jiangsu Province, the PRC.
- (6) On 22 November 2011, a joint venture company was formed with a proposed name of 南京中金國信科技小額貸款股份有限公司 (transliterated as Nanjing Zhongjinguoxin Technology Small Loan Limited, “**Nanjing Zhongjinguoxin**”). The Company agreed to invest in 30% equity interest of Nanjing Zhongjinguoxin for a consideration of RMB60 million. It is principally engaged in the provision of rapid and nimble small loans and enterprise development, management and financial consultation services to technology enterprises, sole proprietors and SMEs in Lishui County, Nanjing, Jiangsu Province, the PRC.
- (7) On 26 December 2011, a joint venture company was formed with the proposed name of 資陽市雁江中金國信小額貸款股份有限公司 (transliterated as Ziyang Yanjiang Zhongjin Guoxin Small Loan Company Limited, “**Ziyang Yanjiang Zhongjin Guoxin**”). The Company agreed to invest in 30% equity interest of Ziyang Yanjiang Zhongjin Guoxin for a consideration of RMB60 million. It is principally engaged in the provision of rapid and nimble small loans, financial guarantee, and enterprise development, management and financial consultation services to SMEs, sole proprietors and rural sectors (farmers, villages and agricultural industry) in Ziyang, Sichuan Province, the PRC.
- (8) On 26 December 2011, a joint venture company with the proposed name of 天津融陽小額貸款股份有限公司 (transliterated as Tianjin Rongyang Small Loan Company Limited, “**Tianjin Rongyang**”). The Company agreed to invest in 30% equity interest of Tianjin Rongyang for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loans, discount of bills, assignment of loans, consultation services in connection with small loans, and clearing in connection with loans to SMEs in technology industry and rural sectors (farmers, villages and agricultural industry) in Tianjin, the PRC.
- (9) On 27 December 2011, a joint venture company called Tianjin Binlian Microfinance Limited (“**Tianjin Binlian**”) was formed. The Company agreed to invest in 10% equity interest of Tianjin Binlian for a consideration of RMB10 million. It is principally engaged in the provision of rapid and nimble small loans, discount of bills, assignment of loans, consultation services in connection with small loans, and clearing in connection with loans to SMEs, sole proprietors, private enterprises and rural sectors (farmers, villages and agricultural industry) in Tianjin, the PRC.

Future Prospect

Our business direction is to focus on small and medium-sized enterprises which have the most potential, energy, creativity and ability to develop. We also strive to explore new ways to create values in accordance with our business principles. “Pinpoint a goal and set sight on it” is our mission. Our strategic targets are new finance, new technology and new momentum. In achieving our goals, we maintain a stable foundation by investing in micro loan companies and financing guarantee companies. We also balance sustainable new financial services with diversified investments to produce values for the Group and its shareholders (the “Shareholders”).

Looking ahead, the global economic environment has been challenging due to the Euro zone sovereign debt crises and concern over the slowdown of economy in the U.S. and Europe. It is also expected that the PRC government will continue to adopt active fiscal policies and prudent monetary policies to ease the inflationary pressure in the PRC, the momentum of economic growth will slow down and liquidity will remain tight. However, our management believes that tight financial policy in the PRC will generate massive genuine demand in micro-loan service. The State Council meeting on 1 February 2012, presided by Premier Wen Jiabao, affirmed the central government’s policy to further support micro-loan companies and proposed changing qualified micro-loan companies into village banks. This proves our management’s accurate foresight as it decided to invest in micro-lenders in the early stage. The Group remains optimistic about the prospect of micro finance services in the PRC. The Group has also implemented a diversified strategy aimed at identifying suitable investment opportunities and expanding involvement in new technology, new energy and new industries. The investment strategy covering financial services, technology and energy industries and bring about better return for the Shareholders.

Interim Dividend

The Board of Directors does not recommend payment of interim dividend for the six months ended 31 December 2011 (2010: nil).

Liquidity and Financial Review

As at 31 December 2011, the Group had cash and bank balance of HK\$38.21 million (30 June 2011: HK\$81.79 million). Most of the cash and bank balance was placed in Hong Kong dollar and Renminbi deposits with banks in Hong Kong and the PRC respectively. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2011 was approximately 3,735% (30 June 2011: 5,884%), gearing ratio (calculated as the long term loan to the total shareholders’ equity) of the Group as at 31 December 2011 was zero (30 June 2011: zero). As at 31 December 2011, the Group had shareholders’ funds of HK\$694.14 million (30 June 2011: HK\$812.49 million).

Capital Structure

Pursuant to subscription agreement dated 15 December 2011 in relation to the proposed subscription of 304,950,000 shares at the subscription price of HK\$0.45 per subscription share to the subscriber, the subscription was completed on 20 January 2012 and the Company has raised approximately HK\$137 million.

Exposure to Fluctuations in Exchange Rates

Since the Group mainly uses Hong Kong dollars and Renminbi to carry out its business transactions, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

Employees and Remuneration Policy

As at 31 December 2011, the Group had 22 employees (including Directors). The total staff cost of the Group for the Period was HK\$9.82 million (2010: HK\$5.03 million). The remuneration package for the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2011, there were no charges on the Group's assets or any significant contingent liabilities (30 June 2011: nil).

AUDIT COMMITTEE AND REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The audit committee (the "**Audit Committee**") comprises three independent non-executive Directors, Professor Cheung Wai Bun Charles (Chairman), Mr. Wan Hongchun and Mr. Zeng Xianggao. The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

The unaudited interim financial information for the six months ended 31 December 2011 has been reviewed by the Audit Committee of the Company.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in accordance with Appendix 14 of the Listing Rules. The Remuneration Committee comprises one executive Director, namely Mr. Du Lin Dong (Chairman) and two independent non-executive Directors, namely Professor Cheung Wai Bun Charles and Mr. Wan Hongchun. The Remuneration Committee is responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management of the Group.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system in the Company. The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. The Audit Committee was established for conducting a review of the internal control of the Company which covers the material controls including financial, operational and compliance controls and risk management functions. Procedures have been set up, inter alia, for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. The management throughout the Company maintains and monitors the internal control system on an ongoing basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the Period, except for that under the Code Provision A.4.1, non-executive Directors should be appointed for a specific term and subject to re-election. However, the non-executive Directors have not been appointed for specific terms but are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Company's bye-laws. At each annual general meeting, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry by the Company, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the Period.

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Professor Cheung Wai Bun Charles, an independent non-executive Director of the Company, was appointed as an independent non-executive director, member of audit committee and remuneration committee of Universal Technologies Holdings Limited listed on the Stock Exchange (stock code: 1026) with effect from 6 September 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during six months ended 31 December 2011.

On behalf of the Board
**China Financial International
Investments Limited**
Du Lin Dong
Chairman

Hong Kong, 27 February 2012

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