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China Financial Industry Investment Fund Limited

中國金融產業投資基金有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1227)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company agreed to issue and allot 10,000,000 Shares at HK\$0.188 per Share in cash, representing 20% of the existing issued share capital of 50,000,000 Shares and approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds from the Subscription, estimated to be HK\$1,880,000, will be used as the general working capital of the Company.

At the request of the Company, trading in the Shares of the Company has been suspended since 9:30 a.m. on 21st March, 2005 pending the release of this announcement and the Company has applied to the Stock Exchange to resume trading of the Shares from 9:30 a.m. on 24th March, 2005.

ISSUE OF SHARES UNDER GENERAL MANDATE

Subscription for new Shares

Date of Subscription Agreement	:	21st March, 2005
Parties	:	Mr. Yim Sang as Subscriber; the Company as Issuer
Subscription Shares	:	10,000,000 new Shares
Subscription Price	:	HK\$1,880,000 in aggregate representing HK\$0.188 per Subscription Share

The Subscription Price represents (i) a discount of approximately 1.5% to the average closing price of the Shares on the Stock Exchange of approximately HK\$0.191 from 14th March, 2005 to 18th March, 2005, being the five trading days before the suspension of dealing in Shares; and (ii) a premium of approximately 3% to the closing price of the Shares on the Stock Exchange of HK\$0.183 on 18th March, 2005, the trading day before the suspension of dealings in Shares pending the release of this announcement. In view of the current stock market conditions together with the subscription price of HK\$0.188 per Share, the Board considers that the Subscription Agreement as well as the terms contains therein are fair and reasonable and to the best interest to the Company and the shareholders as a whole.

Pursuant to the Subscription Agreement, the Subscriber agrees to pay to the Company the entire amount of the Subscription consideration of HK\$1,880,000 and if the Subscriber fails to pay the Subscription consideration or complete the Subscription Agreement for any reason (other than the default of the Company), the Company shall be at liberty if the Company sees fit to terminate the Subscription Agreement, without prejudice to the Company's rights to recover further damages suffered by the Company which may result from the Subscriber's breach of the Subscription Agreement.

The 10,000,000 Subscription Shares represent 20% of the issued share capital of the Company of 50,000,000 Shares on the date of this announcement and approximately 16.7% of the issued share capital of the Company, as enlarged by the issue of the Subscription Shares. As at the date of this announcement, the Company has no outstanding share options, convertible notes or warrants.

The Subscription Shares will be issued under the general mandate granted to the Directors pursuant to the written resolutions of the shareholders of the Company passed on 25th August, 2004. The general mandate has not been utilized since it was granted and the Directors confirm that the Company has not conducted any fund raising exercise during the previous 12 months prior to the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber confirmed that he is not a Connected Person or is independent of and not related to the Company and Connected Persons save and except that the Subscriber holds 1,658,000 Shares (representing approximately 3.32% of the issued share capital of the Company) as at the date of this announcement. The Subscriber confirmed that he is not acting in concert with Mr. Wong Kam Fu, Mr. Tam Wai Keung, Billy, First Asia International Holdings Limited and its beneficial owners. The Subscriber further confirmed that there is no relationship, financial or otherwise, arrangement, agreement or understanding, whether formal or informal, direct or indirect and no past, present and contemplated dealings (business, financial or otherwise) between Subscriber and Mr. Wong Kam Fu, Mr. Tam Wai Keung, Billy, First Asia International Holdings Limited and its beneficial owners. The Subscriber does not have any present intention to appoint any representative to the board of directors of the Company or to take part in the management of the Company. The Subscriber is a merchant and was introduced to the Board by Mr. Chow Wan Hoi, Paul (one of the independent non-executive Directors).

Based on the register maintained by the Company under the Securities and Futures Ordinance as at the date of this Announcement, the shareholding of the Company before and after the issue of the Subscription Shares is as follows:

Name of shareholder	As at the date of this Announcement		After the issue of the Subscription Shares	
	Number of shares	%	Number of shares	%
Mr. Wong Kam Fu (<i>Note 1</i>)	12,372,000	24.74	12,372,000	20.62
Tam Wai Keung, Billy (<i>Note 2</i>)	8,250,000	16.50	8,250,000	13.75
First Asia International Holdings Limited (<i>Note 3</i>)	5,320,000	10.64	5,320,000	8.87
Mr. Yim Sang	1,658,000	3.32	11,658,000	19.43
Public	22,400,000	44.80	22,400,000	37.33
Total	<u>50,000,000</u>	<u>100</u>	<u>60,000,000</u>	<u>100</u>

Note:

- (1) Mr. Wong Kam Fu owns the entire interest of Shanghai Sky Investments Limited and Super Biotech Enterprises Limited. Shanghai Sky Investments Limited owns 10,000,000 shares representing 20% of the entire issued shares of the Company and Super Biotech Enterprises Limited owns 2,372,000 shares representing 4.744% of the entire issued shares of the Company. Accordingly, Mr. Wong Kam Fu is deemed to be interested in the share through his interest in Shanghai Sky Investments Limited and Super Biotech Enterprises Limited.
- (2) Mr. Tam Wai Keung, Billy is an executive Director of the Company.
- (3) The entire issued share capital of First Asia International Holdings Limited is held as to 60% by Mr. Li Sze Tang (the Chairman of the Company) and as to 40% by Madam Wong Lap Woon (the spouse of Mr. Li Sze Tang).

Condition and completion

Completion of the Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. Its completion is expected to take place on the third Business Day after such approval is granted.

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

Use of Proceeds

The net proceeds of the Subscription of approximately HK\$1,880,000 shall be used for the general working capital of the Company.

Suspension and Resumption of Trading

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 21st March, 2005 pending the release of this announcement. Application has been made by the Company for the resumption of dealings in the Shares on the Stock Exchange with effect from 9:30 a.m. on 24th March, 2005.

DEFINITIONS

The following terms are used in this announcement within the meanings set opposite them:–

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| “Board” | the board of Directors of the Company; |
| “Business Day” | a day (other than a Saturday or any day on which a tropical cyclone warning signal no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong generally are open for business; |
| “Company” | China Financial Industry Investment Fund Limited, a company incorporated in Cayman Islands the share of which are listed on the Stock Exchange; |

“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the mandate granted to the Directors at the annual general meeting held on 25th August, 2004 to issue and allot new Shares;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Yim Sang;
“Subscription”	the subscription by the Subscriber for 10,000,000 new Shares pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional agreement dated 21st March, 2005 between the Company and the Subscriber in relation to the Subscription made between the Company and the Subscriber; and
“HK\$”	Hong Kong dollars

By Order of the Board
China Financial Industry Investment Fund Limited
Li Sze Tang
Chairman

Hong Kong, 23rd March, 2005

As at the date hereof, the executive directors of the Company are Mr. Li Sze Tang, Mr. Wu Tse Wai, Frederick and Mr. Tam Wai Keung, Billy. The independent non-executive directors of the Company are Mr. Chow Wan Hoi, Paul, Mr. Hui Wing Sang, Wilson and Mr. Tang King Fai, Kelvin.

“Please also refer to the published version of this announcement in The Standard.”