

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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 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)

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

The Company has agreed to place through the Placing Agent, a total of 12,000,000 new Shares of HK\$0.01 each to the Placee(s) at a price of HK\$0.43 per Placing Share. The 12,000,000 Placing Shares represent approximately 20% of the existing issued share capital of the Company, being 60,000,000 Shares, and approximately 16.67% of the issued share capital as enlarged by the Placing. The Placing is fully underwritten by the Placing Agent.

The net proceeds from the Placing are estimated to be approximately HK\$4.9 million, of which HK\$2.5 million will be used for making investments in listed securities traded on the Hong Kong stock market and the remaining balance of HK\$2.4 million will be used as the Company's general working capital.

The Placing is conditional on the approval of the listing of, and permission to deal in, the Placing Shares being granted by the Listing Committee of the Stock Exchange. The Placing Shares will be issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 28 June 2006.

Trading in the Shares was suspended at the request of the Company with effect from 9:47 a.m. on 8 May 2007 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 11 May 2007.

The Placing agent and underwriter in the Placing Agreement

Date : 9 May 2007

Issuer : The Company

Placing Agent : Sun Hung Kai International Limited, on a fully underwritten basis.

Number of Shares to be placed

The Placing Shares represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares.

Placees

The Placing Agent has placed to not less than six independent individual, corporate and/or institutional investor(s).

Independence of Placees and the Placing Agent

The Placing Agent is not connected person (as defined under Rule 1.01 of the Listing Rules) of the Company and is independent of, and not connected with the Company and its directors, chief executives and substantial shareholders or any of their respective associates (as defined under Rule 1.01 of the Listing Rules). The Placing Agent has agreed to procure Placees who and whose beneficial owners (where applicable) are not connected persons (as defined under Rule 1.01 of the Listing Rules) of the Company and are independent of, and not connected with the Company and its directors, chief executives and substantial shareholders or any of their respective associates (as defined under Rule 1.01 of the Listing Rules) or failing which, itself to subscribe for the full amount of the Placing Shares.

Condition of the Placing Agreement

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. Completion of the Placing Agreement will take place on or before the fourth business day after fulfillment of the said condition. If the condition of the Placing Agreement is not fulfilled on or before 31 May 2007 (or any other later dates as may be agreed in writing between the Company and the Placing Agent), the Placing Agreement shall be terminated and shall be of no effect.

Placing Price

HK\$0.43 per Placing Share, representing (i) the closing price of HK\$0.43 per Share on 7 May 2007, being the last trading date immediately before 9 May 2007, the date of the Placing Agreement; (ii) a premium of approximately 10.5% to the average closing price of approximately HK\$0.389 for the 5 trading days immediately prior to the date of the Placing Agreement; and (iii) a premium of approximately 11.8% to the average closing price of approximately HK\$0.3845 per Share for the 10 trading days immediately prior to the date of the Placing Agreement.

The Company was approached by placing agent after close of trading on 7 May 2007. The terms of the Placing Agreement, including the Placing Price, were arrived at 9 May 2007 after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms, including the Placing Price, to be fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Placing fee

Subject to completion, a placing fee of HK\$129,000 for the Placing Shares and documentation fee of HK\$71,000 will be payable to the Placing Agent.

Ranking of the Placing Shares

The Placing Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

General mandate

The Placing Shares will be issued under the general mandate granted to the board of Directors at the annual general meeting of the Company held on 28 June 2006. Other than the Placing Shares, no Shares had been issued pursuant to the aforesaid existing general mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Use of net proceeds

The net proceeds from the Placing are estimated to be approximately HK\$4.9 million, of which HK\$2.5 million will be used for making investments in listed securities traded on the Hong Kong stock market and the remaining balance of HK\$2.4 million will be used as the Company's general working capital. The net Placing Price of each Placing Share is approximately HK\$0.4083.

Reasons for the Placing Agreement

The Directors consider that the Placing Agreement represent an opportunity for the Company to raise additional funds for the Company for its business development and at the same time broaden the shareholders' and capital base of the Company.

Shareholding of the Company

The table below sets out the Company's existing shareholding structure and the shareholding structure after completion of the Placing (on the basis that no further Shares will be issued before the completion of the Placing):

	Existing		After completion of the Placing (on the basis that no further Shares will be issued before completion of the Placing)	
	No. of Shares	%	No. of Shares	%
Mr. Wong Kam Fu	12,372,000	20.62	12,372,000	17.18
Mr. Yim Sang	8,806,000	14.68	8,806,000	12.23
Mr. Tam Wai Keung, Billy	8,250,000	13.75	8,250,000	11.46
The Places	—	—	12,000,000	16.67
Public Shareholders	30,572,000	50.95	30,572,000	42.46
Total	<u>60,000,000</u>	<u>100.00</u>	<u>72,000,000</u>	<u>100.00</u>

General

The Company is an investment company whose shares are listed on the Stock Exchange pursuant to Chapter 21 of the Listing Rules. The Company is principally engaged in investments in a diversified portfolio of listed and unlisted companies mainly in the United Kingdom, Hong Kong and the People's Republic of China. The Company has not conducted any equity fund raising activities in the past twelve months period immediately before the date of this announcement.

As at the date hereof, the executive directors of the Company are Mr. Tam Wai Keung, Billy, Mr. Wu Tse Wai, Frederick and Mr. Fong Chi Wah. The independent non-executive directors of the Company are Mr. Tang King Fai, Kelvin, Mr. Lam Yuk Lau and Mr. Wong Che Man, Eddy.

Trading in the Shares was suspended at the request of the Company with effect from 9:47a.m. on 8 May 2007 pending the release of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 11 May 2007.

Terms used in this announcement

“Company”	China Financial Industry Investment Fund Limited, a company incorporated in the Cayman Islands whose securities are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	not less than six independent individual, corporate and/or institutional investor(s) whom the Placing Agent or its agent(s) has agreed to procure to subscribe for the Placing Shares
“Placing”	the placing of the Placing Shares on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	Sun Hung Kai International Limited, a company having its registered office at Level 12, One Pacific Place, 88 Queensway, Hong Kong
“Placing Agreement”	the placing agreement made between the Company and the Placing Agent dated 9 May 2007 in respect of the Placing
“Placing Share(s)”	a total of 12,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Tam Wai Keung, Billy
Chairman

Hong Kong, 10 May 2007

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