



INTERIM REPORT

2010



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)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Du Lin Dong (*Chairman*)

Mr. Pong Po Lam Paul

Non-executive Directors

Mr. Li Chaobo

Mr. Ding Xiaobin

Mr. Fung Cheuk Nang Clement

Mr. Ma Jie

Independent Non-executive Directors

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

Mr. Wan Hongchun

Mr. Zeng Xianggao

AUDIT COMMITTEE

Dr. Cheung Wai Bun Charles, *J. P.* (*Chairman*)

Mr. Wan Hongchun

Mr. Zeng Xianggao

REMUNERATION COMMITTEE

Mr. Du Lin Dong (*Chairman*)

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

Mr. Wan Hongchun

AUTHORISED REPRESENTATIVES

Mr. Li Chi Chung

Mr. Pong Po Lam Paul

COMPANY SECRETARY

Mr. Li Chi Chung

AUDITOR

CCIF CPA Limited

INVESTMENT MANAGER

Atlantis Investment Management

(Hong Kong) Limited

CUSTODIAN

Bank of Communications Trustee Limited

LEGAL ADVISER

As to Bermuda law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton

HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6305, 63/F

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited

26/F, Tesbury Centre

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Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai

Banking Corporation Limited

DBS Bank (Hong Kong) Limited

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

COMPANY WEBSITE

[www.finance.thestandard.com.hk/en/comp_detail_link.
asp?code=0721](http://www.finance.thestandard.com.hk/en/comp_detail_link.asp?code=0721)



The board (the “Board”) of directors (the “Directors”) of China Financial International Investments Limited (formerly known as Sunshine Capital Investments Group Limited) (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2010. These interim condensed consolidated financial statements for the six months ended 31 December 2010 has been reviewed by the audit committee and auditor of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	Note	Unaudited	
		Six months ended 31 December	
		2010	2009
		HK\$	HK\$
Turnover	4	121,380,640	90,202,297
Revenue	5	7,760,141	10,006,749
Other revenue and income	5	160,660	1,883,287
Fair value gain on financial assets at fair value through profit or loss	13	8,623,299	75,804,758
Administrative expenses		(8,943,004)	(7,741,104)
Share of results of an associate		(29,436)	–
Profit before income tax	6	7,571,660	79,953,690
Income tax	7	(130,524)	(12,399,421)
Profit for the period		7,441,136	67,554,269
Other comprehensive income		–	–
Total comprehensive income for the period		7,441,136	67,554,269
Earnings per share			
Basic	9(a)	0.28 cents	2.72 cents
Diluted	9(b)	0.27 cents	2.71 cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	<i>Note</i>	Unaudited At 31 December 2010 HK\$	Audited At 30 June 2010 HK\$
Non-current assets			
Property, plant and equipment	10	2,510,895	74,834
Interest in an associate	11	256,339	285,775
Available-for-sale financial assets	12	29,011,675	15,911,675
		<u>31,778,909</u>	<u>16,272,284</u>
Current assets			
Financial assets at fair value through profit or loss	13	146,867,842	258,628,038
Amount due from a shareholder		19,110	19,110
Prepayments, deposits and other receivables		5,513,711	3,661,619
Cash and bank balances		359,564,936	34,778,781
		<u>511,965,599</u>	<u>297,087,548</u>
Current liabilities			
Other payables and accruals		557,919	5,031,599
Amount due to a related company		397,886	610,631
Tax payable		2,934,834	4,030,022
		<u>3,890,639</u>	<u>9,672,252</u>
Net current assets		<u>508,074,960</u>	<u>287,415,296</u>
Net assets		<u>539,853,869</u>	<u>303,687,580</u>
Capital and reserves			
Share capital	15	36,066,240	24,851,340
Reserves		503,787,629	278,836,240
		<u>539,853,869</u>	<u>303,687,580</u>
Net asset value per share	16	<u>15.0 cents</u>	<u>12.2 cents</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Share capital HK\$	Share premium account HK\$	Contributed surplus HK\$	Proposed dividend HK\$	Capital reserve HK\$	Share option reserve HK\$	Retained profits HK\$	Total HK\$
At 1 July 2010 (audited)	24,851,340	73,069	278,979,367	–	2,765,838	4,184,360	(7,166,394)	303,687,580
Total comprehensive income for the period	–	–	–	–	–	–	7,441,136	7,441,136
Equity settled share-based transactions	–	–	–	–	–	1,324,653	–	1,324,653
Issue of new shares								
– Exercise of share options	278,300	4,498,799	–	–	–	(1,121,599)	–	3,655,500
– Placing of shares	10,936,600	212,808,400	–	–	–	–	–	223,745,000
At 31 December 2010 (unaudited)	<u>36,066,240</u>	<u>217,380,268</u>	<u>278,979,367</u>	<u>–</u>	<u>2,765,838</u>	<u>4,387,414</u>	<u>274,742</u>	<u>539,853,869</u>
At 1 July 2009 (audited)	24,838,340	291,405,037	–	–	2,765,838	1,762,697	(34,802,140)	285,969,772
Total comprehensive income for the period	–	–	–	–	–	–	67,554,269	67,554,269
Equity settled share-based transactions	–	–	–	–	–	2,447,594	–	2,447,594
Issue of new shares								
– Exercise of share options	5,000	28,104	–	–	–	(8,104)	–	25,000
Share premium reduction	–	(291,405,037)	291,405,037	–	–	–	–	–
Interim dividend	–	–	(12,421,670)	12,421,670	–	–	–	–
At 31 December 2009 (unaudited)	<u>24,843,340</u>	<u>28,104</u>	<u>278,983,367</u>	<u>12,421,670</u>	<u>2,765,838</u>	<u>4,202,187</u>	<u>32,752,129</u>	<u>355,996,635</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010

	Unaudited	
	Six months ended 31 December	
	2010	2009
	HK\$	HK\$
Net cash (used in)/generated from operating activities	(4,809,209)	51,515,078
Net cash generated from/(used in) investing activities	102,194,864	(30,884,091)
Net cash generated from financing activities	227,400,500	25,000
Net increase in cash and cash equivalents	324,786,155	20,655,987
Cash and cash equivalents at beginning of period	34,778,781	63,037,330
Cash and cash equivalents at end of period	<u>359,564,936</u>	<u>83,693,317</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>359,564,936</u>	<u>83,693,317</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2010

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 31 December 2010 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historic cost basis except for the certain financial instruments which are measured at fair value, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s audited annual financial statements for the year ended 30 June 2010.

In the current interim period, the Group has adopted, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 32 (Amendment)	Classification of Rights Issue
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK Int 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 24 (Revised)	Related Party Disclosures ¹
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters ⁴
HKFRS 7 (Amendment)	Disclosures-Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁴
HK(IFRIC)- Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ¹

¹ Effective for accounting periods beginning on or after 1 January 2011

² Effective for accounting periods beginning on or after 1 January 2012

³ Effective for accounting periods beginning on or after 1 July 2011

⁴ Effective for accounting periods beginning on or after 1 January 2013



3. SEGMENT INFORMATION

No analysis of the Group's turnover and contribution to operating profit for the current period and the prior period set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding, and the consolidated turnover, consolidated results and assets of the Group are attributable from Hong Kong.

4. TURNOVER

	Unaudited Six months ended 31 December	
	2010 HK\$	2009 HK\$
Sale proceeds from sale of financial assets at fair value through profit or loss – listed securities	119,579,438	89,189,882
Dividend income from listed securities	1,801,202	1,012,415
	121,380,640	90,202,297

5. REVENUE, OTHER REVENUE AND INCOME

	Unaudited Six months ended 31 December	
	2010 HK\$	2009 HK\$
Revenue		
Dividend income from listed securities	1,801,202	1,012,415
Gain on disposal of listed securities	5,958,939	8,994,334
	7,760,141	10,006,749
Other revenue and income		
Bank interest income	160,660	1,883,274
Sundry income	–	13
	160,660	1,883,287
Other revenue and income	160,660	1,883,287
Revenue, other revenue and income	7,920,801	11,890,036



6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 31 December	
	2010	2009
	HK\$	HK\$
Custodian fee	71,170	102,331
Depreciation	86,757	36,608
Investment management fee	1,010,269	928,840
Exchange gain	(98,765)	(161)
Operating lease charges for premises	694,881	443,865
Share-based payments	–	594,539
Staff costs, including directors' remuneration		
Salaries and allowances	3,664,140	1,767,290
Contributions to retirement benefits schemes	36,979	24,000
Share-based payments	1,324,653	1,853,055
	5,025,772	3,644,345

7. INCOME TAX

	Unaudited	
	Six months ended 31 December	
	2010	2009
	HK\$	HK\$
Hong Kong Profits Tax		
– Provision for the current period	1,140,658	12,399,421
– Over provision in prior period	(1,010,134)	–
	130,524	12,399,421

Hong Kong Profits Tax was provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

No tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for both periods.

8. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend (2009: HK0.5 cents per share) for the six months ended 31 December 2010.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$7,441,136 (2009: HK\$67,554,269) and the weighted average number of 2,685,711,313 (2009: 2,483,836,762) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$7,441,136 (2009: HK\$67,554,269) and the weighted average number of 2,702,778,289 (2009: 2,490,379,438) ordinary shares adjusted by the potential dilutive effect caused by the share options granted under the share option scheme of the Company.



10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 31 December 2010, the Group incurred approximately HK\$2,522,818 (2009: HK\$6,486) for the acquisition of property, plant and equipment to expand its operations.

During the period ended 31 December 2010 and 2009, the directors conducted a review of the Group's property, plant and equipment and determine that no impairment for property, plant and equipment is required.

11. INTEREST IN AN ASSOCIATE

	Unaudited At 31 December 2010 <i>HK\$</i>	Audited At 30 June 2010 <i>HK\$</i>
Unlisted shares		
Share of net assets	256,339	285,775

Details of the associate at 31 December 2010 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Particulars of issued capital	Group's effective interest	Principal activity
China Financial International Investments & Managements Limited	Incorporated	Hong Kong	1,000,000 ordinary shares of HK\$1.00 each	29%	Dormant

Summary financial information of the Group's associate:

	Unaudited At 31 December 2010 <i>HK\$</i>	Audited At 30 June 2010 <i>HK\$</i>
Assets	883,926	985,430
Liabilities	-	-
Revenue	-	-
Loss after tax	101,504	14,750

The Group has not incurred any contingent liabilities or other commitments relating to its investment in the associate.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited At 31 December 2010 <i>HK\$</i>	Audited At 30 June 2010 <i>HK\$</i>
Unlisted investments, at cost	29,011,675	15,911,675



12. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Available-for-sale financial assets comprise:

Name	Place of incorporation	Principal activities	Effective interest attributable to the Group	
			2010	2009
Gan County Changxin Mining Company Limited ("Changxin Mining") (Note (a))	PRC	Exploitation of metal mines	25%	–
Jiangxi 933 Technology Development Company Limited ("Jiangxi 933") (Note (b))	PRC	Provision of information system	29%	–

Notes:

- (a) The Company, through a subsidiary, Globe Capital Resources Investment Limited, holds 25% equity interest in Changxin Mining, at cost of RMB14,000,000 (equivalent to approximately HK\$15,911,675). Changxin Mining is not regarded as an associate of the Group because the Group has the voting power less than 20% in directors' meeting of Changxin Mining under arrangements with other shareholders of Changxin Mining. In the opinion of the directors of the Company, the Group is not able to exercise any significant influence on the financial and operating policies on Changxin Mining and hence the investment in Changxin Mining was accounted for as available-for-sale financial assets.
- (b) The Company, through a subsidiary, Globe Capital Resources Investment Limited, holds 29% interest in Jiangxi 933 at a cost of RMB11,397,000 (equivalent to approximately HK\$13,100,000). Jiangxi 933 is a company established in the PRC and principally engaged in the provision of information system. Jiangxi 933 is not regarded as an associate of the Group because the Group has the voting power less than 20% in directors' meeting of Jiangxi 933 under arrangements with other shareholders of Jiangxi 933. In the opinion of the directors of the Company, the Group is not able to exercise any significant influence on the financial and operating policies on Jiangxi 933 and hence the investment in Jiangxi 933 was accounted for as available-for-sale financial assets.

The unlisted equity investments are measured at cost because the directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that their fair values cannot be measured reliably. In the opinion of directors, the recoverable amount of these investments exceeds their individual carrying amount.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 31 December 2010 HK\$	Audited At 30 June 2010 HK\$
Market value of listed equity securities	146,867,842	244,568,018
Investment in debt securities (Note 14)		
– debt element of convertible bonds	–	10,163,326
– conversion options embedded in convertible bonds	–	3,896,694
	146,867,842	258,628,038

The above financial assets are held for trading.

The fair value of listed equity securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the reporting period.

Fair value gain of HK\$8,623,299 (2009: gain of HK\$75,804,558) has been recognised in the condensed consolidated statement of comprehensive income.



13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Particulars of the major components of the investment portfolio as at 31 December 2010 in terms of carrying value of the respective investments, are as follows:

China Water Affairs Group Limited (“China Water”)

China Water was incorporated in Bermuda and its shares are listed on the main board of the Stock exchange (stock code: 855). China Water is principally engaged in water supply and water supply infrastructure in the PRC.

As at 31 December 2010, the Group held 19,784,000 shares (30 June 2010: 30,094,000 shares) in China Water, representing 1.45% (30 June 2010: 2.2%) in the issued share capital in China Water. Dividends of HK\$1,324,700 were received during the period. Based on the interim report of China Water for the period ended 30 September 2010, the unaudited consolidated profit attributable to equity holders of China Water was HK\$336 million (31 March 2010: HK\$302 million). As at 30 September 2010, the unaudited consolidated net assets of China Water were approximately HK\$4,041 million (31 March 2010: HK\$3,827 million). As at 31 December 2010, the market value of the Group’s investment in the shares of China Water was approximately HK\$61 million (30 June 2010: HK\$75 million).

China Water Property Group Limited (“China Property”)

China Property was incorporated in Cayman Islands and its shares are listed on the main board of the Stock Exchange (stock code: 2349). China Property is principally engaged in the production and distribution of snack food and convenience frozen food products and property development in the PRC.

As at 31 December 2010, the Group held 786,562,216 shares (30 June 2010: 744,562,216 shares) in China Property, representing 6.29% (30 June 2009: 6.08%) in the issued share capital in China Property. No dividend was received during the year. Based on the interim report of China Property for the period ended 30 June 2010, the unaudited loss attributable to equity holders of China Property was HK\$48 million (31 December 2009: HK\$64 million). As at 30 June 2010, the unaudited consolidated net assets of China Property were approximately HK\$749 million (31 December 2009: HK\$289 million). As at 31 December 2010, the market value of the Group’s investment in the shares of China Property was approximately HK\$86 million (30 June 2010: HK\$94 million).

14. INVESTMENTS IN DEBT SECURITIES

On 18 June 2009, the Group acquired from Evolution Master Fund Ltd. SPC, Segregated Portfolio M, an independent third party, for the 3% unsecured convertible bonds issued by China Property with a face value of HK\$10,500,000, which borne coupon interest rate of 3% per annum, at cost of HK\$7,938,000. The Convertible bonds due on 28 November 2010 (“2010 Convertible Bonds”) were fully redeemed upon their maturity during the period.

The carrying value of the debt element and conversion options element of 2010 Convertible Bonds for the period are as follows:

2010 Convertible Bonds

	Nominal value HK\$	Debt element HK\$	Conversion options element HK\$	Total HK\$
Net carrying amounts at 1 July 2010	10,500,000	10,163,326	3,896,694	14,060,020
Redeemed during the period	(10,500,000)	(10,163,326)	(3,898,694)	(14,060,020)
Net carrying amounts at 31 December 2010	—	—	—	—



15. SHARE CAPITAL

	Note	31 December 2010		30 June 2010	
		Number of shares	HK\$	Number of shares	HK\$
Authorised:					
Ordinary shares of HK\$0.01 each		<u>30,000,000,000</u>	<u>300,000,000</u>	<u>30,000,000,000</u>	<u>300,000,000</u>
Issued and fully paid:					
Ordinary shares of HK\$0.01 each					
At beginning of period/year		2,485,134,030	24,851,340	2,483,834,030	24,838,340
Issue of new shares:					
– Exercise of share options	(a)	27,830,000	278,300	1,300,000	13,000
– Placing of shares	(b)	<u>1,093,660,000</u>	<u>10,936,600</u>	–	–
At end of period/year		<u>3,606,624,030</u>	<u>36,066,240</u>	<u>2,485,134,030</u>	<u>24,851,340</u>

(a) Issue of new shares upon exercise of share options

During the period ended 31 December 2010 and the year ended 30 June 2010, share options to subscribe for 27,830,000 shares and 1,300,000 shares were exercised, of which HK\$278,300 and HK\$13,000 were credited to share capital and the balance of HK\$4,498,799 and HK\$73,069 were credited to the share premium account.

(b) Issue of new shares under placing of shares

On 16 November 2010 and 10 December 2010, the Company issued 496,700,000 and 596,960,000 new ordinary shares with a par value of HK\$0.01 each at a price of HK\$0.15 and HK\$0.25 per share to 5 and 11 independent investors, respectively. Net proceeds from such issues amounted to HK\$74,505,000 and HK\$149,240,000, out of which HK\$4,967,000 and HK\$5,969,600 were recorded in share capital and the balance of HK\$69,538,000 and HK\$143,270,400 were credited to share premium account, respectively.

16. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based in the net assets attributable to the equity holders of the Company of HK\$539,853,869 (30 June 2010: HK\$303,687,580) and 3,606,624,030 (30 June 2010: 2,485,134,030) ordinary shares in issue as at 31 December 2010.



17. COMMITMENTS

(a) Capital commitments outstanding as at 31 December 2010 not provided for in the financial statements were as follows:

	Unaudited At 31 December 2010 HK\$	Audited At 30 June 2010 HK\$
Authorised but not contracted for:		
– Equity investment (<i>Note (i) (1)</i>)	388,245,000	–
– Investment in available-for-sale financial assets	–	4,545,455
Contracted but not provided for:		
– Equity investment (<i>Note (i) (2)</i>)	42,343,000	–
– Investments in joint venture entities (<i>Note (ii)</i>)	88,235,000	–
– Investment in a subsidiary (<i>Note (iii)</i>)	6,000,000	–
	524,823,000	4,545,455

(i) On 1 December 2010, the Group entered into the following agreements:

- (1) China Financial International Investments (Wuhan) Limited, a wholly-owned subsidiary of the Company, entered into a framework agreement with Wuhan Credit Guarantee (Group) Company Limited, an independent third party, for the acquisition up to 24.81% equity interest in Wuhan Credit Guarantee (Group) Company Limited for a cash consideration of RMB330 million. The formal agreement will be entered upon the satisfactory results of due diligence review conducted by the Group. As at 31 December 2010, the formal agreement has not yet been entered.
- (2) China Financial International Investments (Jiangxi) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Jiangxi Hanchen Guarantee Company Limited, an independent third party for the acquisition of 30% equity interest in Jiangxi Hanchen Guarantee Company Limited for a cash consideration of RMB36 million. As at 31 December 2010, certain precedent conditions of the agreement have not yet been fulfilled. The transaction is expected to be completed in early 2011.

Both Wuhan Credit Guarantee (Group) Company Limited and Jiangxi Hanchen Guarantee Company Limited are principally engaged in the provision of guarantees to small and medium enterprises in assisting such enterprises to obtain loans from financial institutes in Wuhan and Jiangxi, the PRC.

(ii) On 1 December 2010, the Group entered into the following joint venture agreements:

- (1) China Financial International Investments (Jiangxi) Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement with seven other independent third parties for the formation of a jointly controlled entity, Zhongjin Guoxin Jiangxi Investment Small Credit Company Limited, pursuant to which China Financial International Investments (Jiangxi) Limited will subscribe for 30% of equity interest in Zhongjin Guoxin Jiangxi Investment Small Credit Company Limited for a consideration of RMB30 million. Zhongjin Guoxin Jiangxi Investment Small Credit Company Limited is principally engaged in the provision of rapid and nimble small loans to small and medium enterprises, sole proprietors and farmers in Nanchang City, Jiangxi Province, the PRC.
- (2) China Financial International Investments (Jiangxi) Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement with three other independent third parties for the formation of a jointly controlled entity, Zhongjin Guoxin Jiangxi Investment Guarantee Company Limited, pursuant to which China Financial International Investments (Jiangxi) Limited will subscribe for 30% of equity interest in Zhongjin Guoxin Jiangxi Investment Guarantee Company Limited for a consideration of RMB45 million. Zhongjin Guoxin Jiangxi Investment Guarantee Company Limited is principally engaged in the provision of guarantees to small and medium enterprises in assisting such enterprises to obtain loans from financial institutions in Jiangxi Province, the PRC.

As at 31 December 2010, certain precedent conditions of the joint venture agreements have not yet been fulfilled, the transactions were not completed.

- (iii) On 22 December 2010, Globe Capital Resources Investment Limited, a wholly-owned subsidiary of the Company, entered into the agreement with an independent third party, for the acquisition for 100% equity interest in Smart Sky Holdings Limited, a company established in the BVI and the principal activity of Smart Sky Holdings Limited is investment holding, for a consideration of HK\$10 million, out of which a deposit of HK\$4 million has been paid during the period, the transaction is expected to be completed in May 2011.



17. COMMITMENTS (Continued)

- (b) At 31 December 2010, the Group had total future outstanding minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited At 31 December 2010 HK\$	Audited At 30 June 2010 HK\$
Within one year	2,450,508	1,287,600
In the second to fifth years, inclusive	2,106,534	1,248,330
	4,557,042	2,535,930

18. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

- (a) The terms and conditions of the grant are as follows:

Options granted to a director	Number of instrument	Vesting conditions	Contractual life of options
– on 13 July 2010	24,830,000	4 months from the date of grant	5 years

- (b) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	0.1133	97,160,000
Exercised during the period	0.1133	(27,830,000)
Forfeited during the period	–	–
Granted during the period	0.1350	24,830,000
Outstanding at the end of the period		94,160,000

The weighted average share price at the date of exercise for share options exercised during the period was HK\$0.16.

The options outstanding at 31 December 2010 had an exercise price of HK\$0.135, HK\$0.16, HK\$0.13 and HK\$0.05 and a weighted average remaining contractual life of 3.5 years.

- (c) Fair value of share options and assumptions

The estimate of the fair value of the share options granted is measured based on the Binomial Model.

Fair value at measurement date	2010	2009
Share price	HK\$ 0.135	HK\$0.127
Exercise price	HK\$ 0.135	HK\$0.130
Expected volatility	80.39%	82.18%
Expected dividend yield	3.7%	0%
Risk free rate	1.5%	1.71%
Option life	5 years	4 years and 9 months

Expected volatility was determined by using the historical volatility of the share prices of the Company. The Group recognised a total expense of approximately HK\$1,324,653 for the period ended 31 December 2010 (2009: HK\$2,447,594) in relation to the share options granted by the Company.



19. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 6 is as follows:

	Unaudited	
	Six months ended 31 December	
	2010	2009
	HK\$	HK\$
Salaries and allowances	3,418,258	1,767,290
Retirement scheme contributions	31,000	24,000
Share-based payments	1,324,653	1,853,055
	<u>4,773,911</u>	<u>3,644,345</u>

During the period, the Group entered into the following material related party transactions:

	Note	Unaudited	
		Six months ended 31 December	
		2010	2009
		HK\$	HK\$
Investment Management fee paid to			
Altantis Investment Management (Hong Kong) Limited	(a)	1,010,269	928,840
Legal advisory fees paid	(b)	112,330	180,500
		<u>1,122,600</u>	<u>1,109,340</u>

- (a) On 18 April 2008, the investment management agreement was entered into with Altantis Investment Management (Hong Kong) Limited ("Altantis"), whereby Altantis has agreed to provide investment management services to the Company for a period of three years effective from 13 May 2008. Altantis is entitled to receive a management fee calculated at the following rates:
- (i) a management fee is payable quarterly in arrears at the rate of 1% per annum of the market value of the portfolio on the last business day of each calendar quarter; and
 - (ii) Altantis is also entitled to receive a performance-related fee of 10% of the appreciation in the market value of the portfolio above 10% hurdle rate per annum.
- (b) During the current period, Michael Li & Co, a company controlled by the Company secretary, Mr. Li Chi Chung provided various legal advisory services to the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the investments in the listed securities for short term and in the unlisted equities for medium and long term.

During the second half of 2010, notwithstanding the massive fiscal stimulus by the United States and European monetary authorities, the global market has been challenging. Ripples were felt in Asian markets in the form of asset bubbles and inflation. For the six months ended 31 December 2010 (the “**Period**”), the Group reported a profit of HK\$7,441,136 compared to a profit of HK\$67,554,269 during the same period in 2009. The basic earnings per share was approximately HK0.28 cents (2009: HK2.72 cents).

To better reflect the business operations of the Group, the Company changed its English name from “Sunshine Capital Investments Group Limited” to “China Financial International Investments Limited” and its Chinese secondary name from “明陽資本投資集團有限公司” to “中國金融國際投資有限公司” and a new logo was designed to turn a new leaf for the Group in November 2010.

Material Acquisition of investments

In July 2010, the Group made an investment of RMB11,397,000 to acquire a 29% 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, the “**Jiangxi 933**”). Jiangxi 933 owns 90% of the total equity interest of 北京九三三軟件股份有限公司 (transliterated as Beijing 933 Software Share Company Limited, the “**Beijing 933**”). Both Jiangxi 933 and Beijing 933 are principally engaged in the provision of information system. Beijing 933 participates in information system construction in many Government departments in the People’s Republic of China (“**PRC**”). Beijing 933 is also the service provider for the PRC government Ministry of Finance procurement related management software. Jiangxi 933 and Beijing 933 devote to become the first class electronic commerce providers in the PRC.

On 1 December 2010, China Financial International Investments (Jiangxi) Limited (the “**CF Jiangxi**”), a wholly-owned subsidiary of the Company, entered into the subscription agreement with 江西漢辰擔保有限公司 (transliterated as Jiangxi Hanchen Guarantee Company Limited, the “**Jiangxi Hanchen**”) for acquisition of 30% equity interest in Jiangxi Hanchen for a cash consideration of RMB36,000,000. Jiangxi Hanchen is principally engaged in the provision of guarantees to small and medium enterprises in assisting such enterprises to obtain loans from financial institutions in Jiangxi Province, the PRC.

On 1 December 2010, CF Jiangxi entered into two joint venture agreements with couples of the PRC companies for the formation two joint ventures, (i) one of which is named as Zhongjin Guoxin Jiangxi Investment Small Credit Company Limited and principally engaged in the provision of rapid and nimble small loans to small and medium enterprises, sole proprietors and farmers in Nanchang City, Jiangxi Province, the PRC. Pursuant to the joint venture agreement, CF Jiangxi will subscribe for 30% of equity interest in Zhongjin Guoxin Jiangxi Investment Small Credit Company Limited for a consideration of RMB30,000,000; and (ii) another is named as Zhongjin Guoxin Jiangxi Investment Guarantee Company Limited and principally engaged in the provision of guarantees to small and medium enterprises in assisting such enterprises to obtain loans from financial institutions in Jiangxi Province, the PRC. Pursuant to the joint venture agreement, CF Jiangxi will subscribe for 30% of equity interest in Zhongjin Guoxin Jiangxi Investment Guarantee Company Limited for a consideration of RMB45,000,000.

As at 31 December 2010, certain precedent conditions of the above subscription agreement and two joint venture agreements have not yet been fulfilled. The transactions are expected to be completed in early 2011.



On 1 December 2010, China Financial International Investments (Wuhan) Limited, a wholly-owned subsidiary of the Company, entered into a non-legally binding framework agreement with 武漢信用擔保（集團）有限公司 (transliterated as Wuhan Credit Guarantee (Group) Company Limited, the “**Wuhan Credit**”), for the acquisition up to 24.81% equity interest in Wuhan Credit for a cash consideration of RMB330 million. Wuhan Credit is principally engaged in the provision of guarantees to small and medium enterprises in assisting such enterprises to obtain loans from financial institutions in Wuhan City, Hubei Province, the PRC. The formal agreement will be entered upon the satisfactory results of due diligence review conducted by the Group. As at 31 December 2010, the formal agreement has not yet been entered.

On 22 December 2010, Globe Capital Resources Investment Limited, a wholly-owned subsidiary of the Company, entered into the agreement with an independent third party, for the acquisition for 100% equity interest in Smart Sky Holdings Limited, a company established in the BVI and the principal activity of Smart Sky Holdings Limited is investment holding, for a consideration of HK\$10,000,000, out of which a deposit of HK\$4,000,000 has been paid during the period. The transaction is expected to be completed in May 2011.

Prospect

Looking ahead, the global economy remains volatile and uncertain, the United States implements second round of quantitative easing monetary policy to stimulate the economic in November 2010, but the economy of the United States is still fragile and the recovery pace is losing strength and slower than expected, the economy of Europe is also still weak under the impact of sovereign debt crisis. However, such issues are unlikely to cast major impacts on the PRC economy which is powered largely by rising domestic demand and infrastructural investment.

With the steady economic growth and political stability, the PRC will remain as one of the best economic environment countries. The Group is confident in the prospect of market in the PRC, and will continue to identify and intensify its investments in the financial sector in the PRC, such as the guarantee and small loan business. The Directors are optimistic about the expansion of the Group’s investments in guarantee and small loan business which is believed that they will provide better business development and returns to the Group and its shareholders (the “**Shareholders**”) as a whole. The Company believes that the expansion of the investments in the financial industry in the PRC will have greater potential returns. The management will also keep seeking more investment opportunities with potential of asset appreciation as well as with sustainable income stream across various sectors to enhance returns to the Group and Shareholders within the acceptable risk profile.

Interim Dividend

The Board of Directors does not recommend payment of interim dividend for the six months ended 31 December 2010 (2009: HK0.5 cents per share).

Liquidity and Financial Review

As at 31 December 2010, the Group had cash and bank balance of HK\$359,564,936 (30 June 2010: HK\$34,778,781). Most of the cash and bank balance were 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 2010 was approximately 13,159% (30 June 2010: 3,071%), gearing ratio (calculated as the long term loan to the total shareholders’ equity) of the Group as at 31 December 2010 was zero (30 June 2010: zero). As at 31 December 2010, the Group had total equity of HK\$539,853,869 (30 June 2010: HK\$303,687,580).

Capital Structure

The Company has raised approximately HK\$220 million by subscriptions of the total number of 496,700,000 shares at the subscription price of HK\$0.15 per subscription share on 16 November 2010 and 596,960,000 shares at the subscription price of HK\$0.25 per subscription share on 10 December 2010 respectively.



The Company issued 6,430,000 shares with par value of HK\$0.01 each at an exercise price of HK\$0.05 per share; and 18,400,000 shares with par value of HK\$0.01 each at an exercise price of HK\$0.16 per share; and 3,000,000 shares with par value of HK\$0.01 each at an exercise price of HK\$0.13 per share upon the exercise of the share options during the Period.

Investment Portfolio

The Group's investment portfolio comprised of listed investments and unlisted investments. As at 31 December 2010, the Group held listed investments, at market value, of HK\$146,867,842 (30 June 2010: HK\$258,628,038).

As at 31 December 2010, the Group's unlisted investments, valued at cost less impairment, totaling HK\$29,011,675 (30 June 2010: HK\$15,911,675).

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 2010, the Group had 17 employees. The total staff cost of the Group for the Period was HK\$5,025,772 (2009: HK\$3,644,345). The remuneration package of 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 2010, there were no charges on the Group's assets or any significant contingent liabilities (30 June 2010: Nil).

SHARE OPTIONS

In light of the requirements of Chapter 17 of the Rules ("the **Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company adopted the Share Option Scheme (the "**Scheme**") on 15 January 2008. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. The following table discloses movement in the Company's share options under the Scheme during the Period:



SHARE OPTIONS (Continued)

Name or category of participant	Number of share options				At 31 December 2010	Exercise Period	Exercise Price	Date of Grant
	At 1 July 2010	Granted during the Period	Exercised during the Period	Lapsed during the Period				
Directors								
Du Lin Dong	-	24,830,000	-	-	24,830,000	13/10/2010-12/7/2015	HK\$0.135	13/7/2010
Wang Wen Xia (resigned on 17 January 2011)	18,400,000	-	(18,400,000)	-	-	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	6,430,000	-	(6,430,000)	-	-	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	24,830,000	-	-	-	24,830,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	49,660,000	-	(24,830,000)	-	24,830,000			
Pong Po Lam Paul	1,200,000	-	-	-	1,200,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	1,000,000	-	-	-	1,000,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	2,200,000	-	-	-	2,200,000			
Ding Xiaobin	500,000	-	-	-	500,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	300,000	-	-	-	300,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	500,000	-	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	1,300,000	-	-	-	1,300,000			
Cheung Wai Bun Charles	1,300,000	-	-	-	1,300,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	2,600,000	-	-	-	2,600,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	3,900,000	-	-	-	3,900,000			
Zhang Yong (resigned on 22 December 2010)	300,000	-	-	-	300,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	300,000	-	-	-	300,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	500,000	-	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	1,100,000	-	-	-	1,100,000			



SHARE OPTIONS (Continued)

Number of share options

Name or category of participant	Number of share options				At 31 December 2010	Exercise Period	Exercise Price	Date of Grant
	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 1 July 2010				
Ma Jie	8,000,000	-	-	-	8,000,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	2,000,000	-	-	-	2,000,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	10,000,000	-	-	-	10,000,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>			
Fung Cheuk Nang Clement	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	500,000	-	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>			
Zeng Xiangao	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	500,000	-	-	-	500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>			
Qualified allottees in aggregate	3,000,000	-	-	-	3,000,000	23/1/2008-22/1/2011	HK\$0.16	23/1/2008
	500,000	-	-	-	500,000	17/2/2009-16/11/2013	HK\$0.05	17/11/2008
	13,500,000	-	(3,000,000)	-	10,500,000	18/3/2010-17/12/2014	HK\$0.13	18/12/2009
	<u>17,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>-</u>	<u>14,000,000</u>			
	<u>97,160,000</u>	<u>24,830,000</u>	<u>(27,830,000)</u>	<u>-</u>	<u>94,160,000</u>			



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2010, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (the "Mode Code") for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

(i) Long Positions in the ordinary shares of the Company

Name of Directors	Notes	Capacity and nature of interest	Long position	Approximately percentage of shareholding in the Company
Du Lin Dong	1	Corporation and Beneficial Owner	574,174,830	15.92%
Rightfirst Holdings Limited	1	Beneficial Owner	564,524,830	15.65%
Li Chaobo (appointed on 22 December 2010)	2	Corporation	366,200,000	10.15%
Asia Unite Limited	2	Beneficial Owner	366,200,000	10.15%
Fung Cheuk Nang Clement		Beneficial Owner	190,909,092	5.29%
Wang Wen Xia (resigned on 17 January 2011)		Beneficial Owner	19,220,000	0.53%

Notes:

- The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du Lin Dong. Mr. Du is deemed to be interested in 564,524,830 Shares under the SFO.
- The entire issued share capital of Asia Unite Limited is beneficially owned by Mr. Li Chaobo. Mr. Li is deemed to be interested in 366,200,000 Shares under the SFO.

(ii) Long Positions in the underlying shares of the Company

Name of Directors	Capacity and nature of interest	Long position	Approximately percentage of shareholding in the Company
Du Lin Dong	Beneficial Owner	24,830,000	0.68%
Wang Wenxia (resigned on 17 January 2011)	Beneficial Owner	24,830,000	0.68%
Pong Po Lam Paul	Beneficial Owner	2,200,000	0.06%
Ding Xiaobin	Beneficial Owner	1,300,000	0.03%
Cheung Wai Bun Charles	Beneficial Owner	3,900,000	0.10%
Zhang Yong (resigned on 22 December 2010)	Beneficial Owner	1,100,000	0.03%
Ma Jie	Beneficial Owner	20,000,000	0.55%
Fung Cheuk Nang Clement	Beneficial Owner	1,000,000	0.02%
Zeng Xianggao	Beneficial Owner	1,000,000	0.02%



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Save as disclosed above, as at 31 December 2010, none of the Directors nor the chief executive of the Company had or was deemed to have any other interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2010, so far as is known to the Directors and the chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholders	Notes	Capacity and nature of interest	Long position	Approximately percentage of shareholding in the Company
Rightfirst Holdings Limited	1	Beneficial Owner	564,524,830	15.65%
Asia Unite Limited	2	Beneficial Owner	366,200,000	10.15%

Notes:

1. The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du Lin Dong, an executive Director.
2. The entire issued share capital of Asia Unite Limited is beneficially owned by Mr. Li Chaobo, a non-executive Director.

As at 31 December 2010, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares and underlying shares" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or its subsidiary a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.



AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company comprises Dr. Cheung Wai Bun Charles (Chairman), Mr. Wan Hongchun (appointed on 22 December 2010) and Mr. Zeng Xianggao, all of whom are independent non-executive Directors. 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 Company’s unaudited interim financial report for the six months ended 31 December 2010 has been reviewed by the Audit Committee and Messrs. CCIF CPA Limited, the auditor 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 Ms. Wang Wen Xia (Chairman) and two independent non-executive Directors, namely Dr. Cheung Wai Bun Charles and Mr. Wan Hongchun (appointed on 22 December 2010). Ms. Wang Wen Xia resigned while Mr. Du Lin Dong was appointed as Chairman and member of Remuneration Committee on 17 January 2011. The Remuneration Committee is principally 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 CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors 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.

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 2010.

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

Hong Kong, 31 January 2011



CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

**To the Board of Directors of
China Financial International Investments Limited**
(Formerly known as “Sunshine Capital Investments Group Limited”)
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 15, which comprises the condensed consolidated statement of financial position of China Financial International Investments Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 December 2010 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 “Interim Financial Reporting”.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 31 January 2011

Leung Chun Wa

Practising Certificate Number P04963