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CHINA INTERNET INVESTMENT FINANCE HOLDINGS LIMITED

中國互聯網投資金融集團有限公司

(Continued into Bermuda with limited liability)

(Stock Code: 810)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

RESULTS

The Board of Directors (the “Board”) of China Internet Investment Finance Holdings Limited (formerly known as Opes Asia Development Limited) (“the Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015, with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Notes</i>	2015 HK\$000	2014 <i>HK\$000</i>
Turnover	4	92,457	50,210
Equity securities disposed of		(90,288)	(52,569)
Net realised gain/(loss) on equity securities		2,169	(2,359)
Net unrealised fair value loss on financial assets at fair value through profit or loss		(24,334)	(32,650)
Dividend income		1,863	188
Listed debt securities interest income		1,281	52
Loss on disposal of available-for-sale financial assets		(1,876)	–
Impairment loss on available-for-sale financial assets		(220)	(2,920)
Impairment loss on other receivables		–	(19,052)
Loss on disposal of assets classified as held for sale		–	(7,200)
Change in fair value of derivative component in convertible bond receivable		–	(393)
Interest income on convertible bond		–	3,264
Gross loss		(21,117)	(61,070)

	<i>Notes</i>	2015 HK\$000	2014 <i>HK\$000</i>
Other income	5	765	4,180
Administrative expenses		(26,293)	(25,079)
Other operating expenses		(1,405)	(2,728)
Written off of property, plant and equipment		—	(1,071)
		<hr/>	<hr/>
Loss from operations		(48,050)	(85,768)
Finance costs	6	(193)	—
Share of results of an associate		257	—
		<hr/>	<hr/>
Loss before income tax	7	(47,986)	(85,768)
Income tax expenses	8	—	(4)
		<hr/>	<hr/>
Loss for the year		(47,986)	(85,772)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to the owners of the Company		(47,986)	(85,772)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to the owners of the Company	9		
Basic (HK cents)		(16.83)	(64.69)
		<hr/> <hr/>	<hr/> <hr/>
Diluted (HK cents)		(16.83)	(64.69)
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year	(47,986)	(85,772)
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	(6)	(1,299)
Reclassification of available-for-sale fair value reserve upon disposal of assets classified as held for sale	–	7,200
Reclassification of available-for-sale fair value reserve upon impairment loss recognised	220	2,920
Release of available-for-sale fair value reserve upon disposal of a subsidiary	–	(1,310)
Release of translation reserve upon disposal of subsidiaries	–	56
	<hr/>	<hr/>
Other comprehensive income for the year, net of income tax	214	7,567
	<hr/>	<hr/>
Total comprehensive loss for the year	(47,772)	(78,205)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss attributable to the owners of the Company	(47,772)	(78,205)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	10	31,851	17,983
Intangible asset		120	120
Available-for-sale financial assets	11	20,484	14,112
Interest in an associate	12	9,813	–
		<u>62,268</u>	<u>32,215</u>
Current assets			
Financial assets at fair value through profit or loss		154,291	97,386
Other receivables, prepayments and deposits		1,819	2,001
Cash and bank balances		31,426	116,830
		<u>187,536</u>	<u>216,217</u>
Assets classified as held for sale		5,900	5,900
		<u>193,436</u>	<u>222,117</u>
Total assets		<u>255,704</u>	<u>254,332</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		31,599	26,333
Reserves		200,701	226,418
Total equity		<u>232,300</u>	<u>252,751</u>
LIABILITIES			
Current liabilities			
Other payables and accruals		9,680	1,581
Secured bank loan		4,518	–
Obligation under a finance lease		3,245	–
		<u>17,443</u>	<u>1,581</u>
Non-current liability			
Obligation under a finance lease		5,961	–
Total liabilities		<u>23,404</u>	<u>1,581</u>
Total equity and liabilities		<u>255,704</u>	<u>254,332</u>
Net current assets		<u>175,993</u>	<u>220,536</u>
Total assets less current liabilities		<u>238,261</u>	<u>252,751</u>

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments (including derivative financial instruments) that are measured at fair values.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied, for the first time, the following revised standards, amendments and interpretations (the “new and revised HKFRSs”) issued by the HKICPA which are effective for the Group’s financial period beginning 1 January 2015.

Amendments to HKFRSs Annual improvements to HKFRSs 2010 – 2012 cycle

Amendments to HKFRSs Annual improvements to HKFRSs 2011 – 2013 cycle

Amendments to HKAS 19 Defined benefit plans: Employee contributions

The adoption of the above revised HKFRSs has no significant impact on the Group’s financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments and has two reportable operating segments as follows:

Listed investments – Investments in listed equity/debt securities

Unlisted investments – Investments in unlisted equity/debt securities

In prior year, a geographic perspective was also used, mainly basing on the locations of the investee companies in which the majority of their revenues were generated. The Group’s turnover and segment result by geographical areas are not presented for the year ended 31 December 2015 as significant transactions are mainly based in Hong Kong.

As management considers the Company's nature of business is investment holding, there is no information regarding major customers as determined by the Company and no segment turnover is presented. Comparative figures in prior year have been re-presented to conform to the current year's presentation.

<i>2015</i>	Listed investments <i>HK\$000</i>	Unlisted investments <i>HK\$000</i>	Total <i>HK\$000</i>
Segment results	<u>(21,117)</u>	<u>–</u>	(21,117)
Bank interest income			325
Unallocated sundry income			440
Share of results of an associate			257
Depreciation			(3,610)
Unallocated expenses			(24,088)
Finance costs			<u>(193)</u>
Loss for the year			<u><u>(47,986)</u></u>
Segment assets	174,774	15,713	190,487
Unallocated assets*			<u>65,217</u>
Total assets			<u><u>255,704</u></u>
Segment liabilities	–	5,900	5,900
Unallocated liabilities			<u>17,504</u>
Total liabilities			<u><u>23,404</u></u>
Capital expenditures	–	–	–
Unallocated capital expenditures**			<u>17,478</u>
Total capital expenditures			<u><u>17,478</u></u>
Other segment information			
Impairment loss on available-for-sale financial assets	(220)	–	<u><u>(220)</u></u>

* Unallocated assets mainly included cash and bank balances of HK\$31,426,000, property, plant and equipment of HK\$31,851,000 and intangible asset of HK\$120,000.

** Unallocated capital expenditures consisted of cost additions to property, plant and equipment.

2014	Listed investments <i>HK\$000</i>	Unlisted investments <i>HK\$000</i>	Total <i>HK\$000</i>
Segment results	<u>(34,849)</u>	<u>(24,992)</u>	(59,841)
Bank interest income			176
Unallocated sundry income			2,695
Depreciation			(1,675)
Unallocated expenses			(27,123)
Income tax expenses			<u>(4)</u>
Loss for the year			<u><u>(85,772)</u></u>
Segment assets	111,666	75,797	187,463
Unallocated assets*			<u>66,869</u>
Total assets			<u><u>254,332</u></u>
Segment liability	–	–	–
Unallocated liability			<u>1,581</u>
Total liability			<u><u>1,581</u></u>
Capital expenditures	–	–	–
Unallocated capital expenditures**			<u>18,906</u>
Total capital expenditures			<u><u>18,906</u></u>
Other segment information			
Impairment loss on other receivables	–	(19,052)	(19,052)
Loss on disposal of assets classified as held for sale	–	(7,200)	(7,200)
Impairment loss on available-for-sale financial assets	–	(2,920)	<u>(2,920)</u>
Total			<u><u>(29,172)</u></u>

* Unallocated assets mainly included cash and bank balances of HK\$47,026,000, property, plant and equipment of HK\$17,983,000 and intangible asset of HK\$120,000.

** Unallocated capital expenditures consisted of cost additions to property, plant and equipment.

4. TURNOVER

Proceeds from sales of equity securities recognized during the year are as follows:

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Sales of listed equity securities	92,457	47,410
Sale of unlisted equity security	—	2,800
	<u>92,457</u>	<u>50,210</u>

5. OTHER INCOME

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Bank interest income	325	176
Reversal of impairment loss provision	440	2,640
Gain on disposal of subsidiaries	—	1,364
	<u>765</u>	<u>4,180</u>

6. FINANCE COST

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Interests on a secured bank loan	108	—
Interests on a finance lease	85	—
	<u>193</u>	<u>—</u>

7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived after charging/(crediting):

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Auditors' remuneration	611	351
Depreciation	3,610	1,675
Minimum lease payments under operating leases:		
– property rental	–	2,878
Net unrealised fair value loss on financial assets		
at fair value through profit or loss	24,334	32,650
Gain on disposal of subsidiaries	–	(1,364)
Share of results of an associate	(257)	–
Impairment loss on other receivables	–	19,052
Impairment loss on available-for-sale financial assets	220	2,920
Employee benefit expenses excluded share-based payments	13,444	8,685
Share-based payments	1,185	2,242
Custody services fees	197	136
Investment management fees	524	1,505
Exchange loss	123	487
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSES

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Current income tax		
– Hong Kong Profits Tax	–	–
– the PRC Enterprise Income Tax	–	4
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2015 and 2014.

The PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for the years ended 31 December 2015 and 2014.

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for the year ended 31 December 2015 (2014: Nil).

No PRC Enterprise Income Tax is provided as there is no estimated assessable profit for the year ended 31 December 2015 (2014: HK\$4,000).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i> (Re-stated)
Loss attributable to owners of the Company		
Loss for the purpose of basic and diluted loss per share	<u>(47,986)</u>	<u>(85,772)</u>
Number of shares	2015 '000	2014 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	285,113	132,599
Effect of dilutive potential ordinary shares: Share option issued by the Company	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>285,113</u>	<u>132,599</u>
Basic and diluted loss per share (HK cents)	<u>(16.83)</u>	<u>(64.69)</u>

As at 31 December 2015, the outstanding share options of the Company were 8,060,000 (31 December 2014: Nil) and their effect was anti-dilutive.

For the year ended 31 December 2014, the effects of right issue and share consolidation were taken up on the weighted average number of ordinary shares for the purpose of basic loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, the property, plant and equipment of the Group amounted to approximately HK\$31.9 million (2014: HK\$18.0 million). During the year, the Group acquired a yacht in the amount of about HK\$16.4 million to enhance the corporate image.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Unlisted equity securities		
– the PRC	–	5,900
Listed debt securities		
– Hong Kong	20,484	14,112
Transfer unlisted equity securities to assets classified as held for sale	–	(5,900)
	<u>20,484</u>	<u>14,112</u>

12. INTEREST IN AN ASSOCIATE

	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Unlisted equity share, at cost	9,556	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	257	–
	<u>9,813</u>	<u>–</u>

The Group owns 30%, in total, equity interest in Superb Kingdom Limited and it was accounted for as an associate in the consolidated statement of financial position of the Group at 31 December 2015. Interest in an associate is accounted for using the equity method from the date on which it becomes an associate.

13. DIVIDEND

No final dividend was paid or proposed during 2015 and 2014, nor any dividend been proposed by the Board subsequent to the end of the reporting period.

NEW INVESTMENT FOCUS, CHANGE OF COMPANY NAME AND LOGO

After detailed deliberation, we have taken a major step by putting more efforts in the internet investment and finance sector as our new focus while still maintaining our business goal to provide stable returns with long-term capital appreciation to our shareholders. As mentioned in the circular of the Company dated 30 September 2015, we would identify and consider potential investment opportunities in internet finance and internet investment sector. In the internet finance sector (including online peer-to-peer lending, crowd funding, internet banking and insurance), there exist diverse investment opportunities of good potentials. In particular, the internet plus strategy has also been emphasized in China as a key initiative for promoting the economic growth. With focus on this promising industry sector, we are confident to enhance long term returns at a level of risk suitable to the Company and its shareholders.

With the support of our shareholders, our Company name was changed from “Opes Asia Development Limited” to “China Internet Investment Finance Holdings Limited” with effect from 23 October 2015. We also adopted a new logo which is used to be printed on the relevant corporate documents of the Company, such as the Company’s promotional materials, interim and annual reports, announcements, circulars and corporate stationary. In order to highlight our new focus, we consider that our change of name and logo would provide us with a fresh corporate identity and image which will benefit our future business development which is in line with our existing investment objectives.

KEY PERFORMANCE INDICATOR

The net asset value of the Group is considered as the significant financial indicator which can measure the development and performance of the Company’s business. During the year, the net asset value of the Group changed from HK\$252.8 million to HK\$232.3 million. The drop of 8.1% was mainly attributable to fluctuation in unrealised fair value gain or loss. In comparison, the Hang Seng Index (“HSI”) and the Hang Seng China Enterprises Index dropped by 7.2% and 19.4% respectively but the GEM Board Index remained steadily. The net asset value per share was HK\$0.735, which was calculated on the above net assets value and 315,990,000 ordinary shares of HK\$0.10 each in issue as at 31 December 2015.

INVESTMENT PORTFOLIO REVIEW

Listed equity and listed debt securities

During the year, the Group's listed portfolio increased from HK\$111.5 million to HK\$174.8 million, representing an increase of about 56.8%, and it primarily comprised investment in listed equity/debt securities.

Investments which were classified as financial assets through profit or loss amounted to HK\$154.3 million (2014: HK\$97.4 million).

Investments which were not held for trading were classified as available-for-sale financial assets. As at 31 December, 2015, the available-for-sale financial assets comprised listed debt securities and amounted to about HK\$20.5 million (2014: HK\$14.1 million).

Unlisted investment

During the year, the Group acquired a total of 30% equity shares in a HK company, Superb Kingdom Limited, which is primarily engaged in trading of LED lighting products. The investment has been classified as an associate and was stated at the amount of HK\$9.8 million as at the balance sheet date.

REVIEW OF OPERATIONS

Turnover

For the year ended 31 December 2015, the Group recorded a turnover of about HK\$92.5 million (2014: HK\$50.2 million), representing an increase of about 84.3% as compared to last year. The turnover of the Group mainly represents the sales of listed equity securities and the increase was mainly attributable to the significant market activity.

Gross loss

The stock markets in Hong Kong and the PRC exhibited high volatility during the year and recorded substantial decline since July 2015. As a result, we suffered from a gross loss of approximately HK\$21.1 million (2014: loss of approximately HK\$61.1 million). There were several reasons for the decrease in the gross loss. Firstly, the net loss on financial assets at fair value through profit or loss dropped to about HK\$22.2 million (2014: HK\$35.0 million). This was generally attributable to the fluctuations in the unrealised fair value gain or loss.

Secondly, there were impairment loss on the convertible bond receivables of about HK\$ 19 million and loss on disposal of certain unlisted equity investment of HK\$7.2 million in prior year, which did not recur this year. Details of the impairment loss on convertible bond receivables were set out in the 2014 annual report of the Company and full provision was made for the then outstanding balance in 2014. During the year, our lawyers continued the recovery action but we only received about HK\$ 0.4 million. Our lawyers have also issued statutory demands to relevant parties and will take further legal actions. We will closely monitor the situation.

However, during the year, there was a loss on disposal of available-for-sale financial assets which represented our investment in RMB bonds. On 11 August, 2015, China changed the way for the daily-fixing-rate determination of the currency of renminbi (RMB) against the United State dollar (USD), leading to the sudden devaluation of the currency. In the last quarter of 2015, the currency of RMB illustrated significant devaluation and fluctuation as compared to the past. After thoughtful evaluation, we decided to dispose all of the RMB bonds at a total loss of about HK\$1.9 million.

Other income, administrative expenses and other expenses

Other income mainly represented non-recurring receipts during the financial year and it dropped to HK\$0.8 million. As mentioned in the 2014 annual report, the other income in prior year mainly included the recovery of an impairment loss provision of guaranteed annual return of HK\$2.64 million from Harvest Smart Becky Agric-Bio Technology Limited and the release of available-for-sale fair value reserve upon a disposal a subsidiary which held the 9.9% equity interest in The Pride Fund Management Limited of about HK\$1.31 million.

The administrative expenses slightly increased to HK\$26.3 million (2014: HK\$25.1 million). The expenses mainly comprised the employment benefit expenses of about HK\$14.6 million.

The other operating expenses decreased to about HK\$1.4 million (2014: HK\$2.7 million). Thanks to the effort in negotiating with the investment managers on their fees, investment management expenses were reduced by approximately HK\$1 million. During the year, we also entered into a new investment management service contract with Success Talent Investment Limited for a two-year period. The maximum annual aggregate management fee has been agreed to be about HK\$630,000 and this can enhance cost and operational efficiency.

During the year, we incurred finance costs of about HK\$0.19 million for certain mortgage loan and finance lease. These were used to finance acquisition of certain fixed assets.

Share of results of an associate

Regarding the share of results of an associate, this referred to our investment in Superb Kingdom Limited (Superb Kingdom). Superb Kingdom has been primarily engaged in the sale of LED lighting products in Asia under a German brand of Segula. The end-customers mainly included casinos in Macau.

LED lighting is also called solid-state lighting, and represents the latest wave of lighting revolution after incandescent lamps and fluorescent lamps. Characterised by its energy-saving, eco-friendly, long-life and wide-application features, LED lighting is an important green sector and is expected to replace the traditional incandescent lighting due to superior price-to-performance characteristics particularly in today's high cost energy, environmentally sensitive market place. LED lighting is mainly used to provide main illumination of an area, including directional lighting, supplementary lighting and architectural lighting. Currently, the demand of LED architectural lighting (a blend of architectural and event lighting) is mounting in the general lighting segment.

Regarding the LED lighting for Macau casinos, the Macau Government is actively promoting on implementation of sustainability strategies and targets for its casino/entertainment complexes. Because casinos open 24 hours a day and 365 a year and their atria are continually lit, their energy usage on illumination is generally high. Casino lighting system typically consumes about 30% of the total electricity bill of the casinos. With the use of LED lighting, it can reduce direct energy consumption and also reduce the temperature of on gaming floors and hence the energy consumption internal cooling. New casino developments in Macau will be all fitted with LED lighting and for those completed developments still illuminated by incandescent lamps and fluorescent lamps, majority of them have been planned for LED lighting retrofit.

Currently, Superb Kingdom focuses on the businesses at casinos and five-star hotels in Macau and other Asian countries. Although the gaming market in Macau is still facing many challenges, Superb Kingdom still received stable orders for its LED lighting products. Moreover, Superb Kingdom has maintained a strong relationship with Segula GmbH, the owner of the brand, and they are now working together for an expansion plan.

PROSPECTS

Internet Plus and Internet Finance

Regarding our new investment focus in Internet finance and Internet Plus sector, we have already invested in stocks and bonds of certain major internet companies and internet finance companies in our portfolio. These include investments in stocks and bonds in Tencent Holding Limited and Ping An Insurance Group Company of China Limited (“Ping An Insurance”). As at 31 December 2015, our investments therein accounted for 6.1% of the carrying value of the Group’s listed investment portfolio and that percentage was further increased to about 16.9% by the end of February 2016.

As mentioned in our interim report, in March 2015, Premier Li Keqiang spoke of the “Internet Plus” concept in his 2015 Government Work Report. According to Premier Li’s report, “Internet Plus” entails integration of mobile Internet, cloud computing, big data and Internet of Things with modern manufacturing, fostering new industries and business development, including e-commerce, industrial Internet and Internet finance. “Internet + Finance” can be seen as financial industries apply internet technology to their service provision and product sale. For instance, clients can pay bills or transfer money from one account to another through internet.

Mobile Internet finance can provide utmost opportunities and the business of peer to peer (P2P) finance sector has already exhibited significant growth in China. According to a report in South China Morning Post dated 29 December 2015, the China Banking Regulatory Commission (CSRC) issued draft rules in late December 2015 and defined such businesses as internet financing intermediaries that operate between borrowers and lenders, but they cannot raise or lend funds on their own. The CSRC’s draft regulation forbids P2P online lending firms from selling wealth management products, insurances and trust products, and guaranteeing yields as well as from pooling their investors’ money. After the publication of the above draft rules, it becomes difficult to obtain business licenses with focus on finance in major cities of the PRC.

Internet financing has seen explosive growth over the past two years, with numerous listed companies, private business and state-owned financial institutions actively developing their own P2P platforms. This sector has provided great business opportunities, albeit the regulatory framework is getting more stringent.

We will identify suitable unlisted companies in the above Internet finance area for investment and invest in these companies upon satisfaction of the relevant due diligence review. The investments in the Internet plus sector can generally provide good returns and we are studying an opportunity in a mobile P2P finance platform, which is based in Shenzhen.

Market Outlook

Stock Market

Undoubtedly, most of the investors in Hong Kong stock market in the year of 2015 suffered from the adverse change in sentiment from bullish to bearish. In general, there were three major concerns: falling oil and commodity prices, China's economic slowdown and renminbi movement, and the uncertainties about US interest rate hikes.

According to the "Research report No. 58: A Review of the Global and Local Securities Markets in 2015" issued by the Securities Futures Commission on 22 January 2016, the Hong Kong stock market under performed major overseas markets in 2015. In early 2015, the market rose in tandem with the Mainland's market rally. In particular, there were optimism about increasing capital inflows via Shanghai-Hong Kong Stock Connect and hopes for further supportive measures on the Mainland. In April, the HSI jumped to a seven-year high of over 28,000 points. Market turnover also rose to a fresh high of HK\$291.5 billion on 9 April. In mid-2015, the market became volatile amid heavy sell-offs in the Mainland market. The HSI recorded its largest intra-day decline on 8 July. It once dropped 2,138 points and closed 1,458 points (5.8%) lower. The Hong Kong stock market extended losses and volatility heightened on concerns of a slowdown of the Mainland economy and the devaluation of the renminbi. Uncertainties over the timing of US rate also hikes led to the drop in index. The Hong Kong market once rebounded on hopes of further stimulus measures on the Mainland and speculation on the US Fed's decision to raise rates at a gradual pace. In late 2015, the market declined on lingering uncertainties over the outlook for the Mainland economy and the volatility of the renminbi.

In January 2016, China attempted to use the new circuit breaker mechanism. On 4 January 2016 stock markets in China fell to the point of triggering its circuit breaker, a market mechanism that halted trading when losses reached a threshold which was intended to help stabilize stocks. On both 4 January and 7 January 2016 the Chinese stock market experienced a sharp fall. On January 7, Chinese authorities suspended the circuit breaker out of concern that the trade curb might have intensified investors' concerns. In general, the market sentiment has still been weak.

Bond Market

In March 2016, Moody's Investors Service revised the outlook to negative from stable on China's government credit ratings, while affirming the Aa3 long term senior, unsecured debt. The key drivers of the outlook revision were the rising government debt and the large and rising contingent liabilities on the government balance sheet; and a continuing fall in reserve buffers, due to capital outflows, leading to policy, currency and growth risks. Similarly, the outlook revision has also made to certain PRC state-owned-enterprises and non-insurance financial institutions. Further cautions will be taken for the investment in bonds with Chinese issuers and together with the Investment Manager we will review our bond portfolio regularly.

Way Forward

In view of the significant uncertainties in the global stock markets, the Company has taken a conservative approach in rebalancing its investment portfolios. Because the Company has pursued a diversified strategy with a combination of stocks and bonds, we can enjoy the upside of the stocks and can deal with risks, at least partially, through the negative correlation of equities and bonds. During the financial year, after deliberation consideration, we had disposed of the investment in RMB bonds and switched to investment in USD bonds. We continue to employ the buy-and-hold strategy to enjoy the long-term capital appreciation and trading strategy to realize the possible market opportunities. The new investment manager, Success Talent Investment Limited, will also regularly review our portfolios in order to enhance our risk-adjusted return performance.

We also plan to further invest in unlisted companies because their internal rate of return can be high. This can further diversity our portfolio by major asset classes.

Lastly, we will continue to enhance our capital base by fund-raising through the stock market, when appropriate. Subsequent to the balance sheet date, on 1 February 2016, a share placing of 63,192,000 ordinary shares at a price of HK\$0.30 per share was completed. This can further increase our financial strength and we will use the proceeds for working capital or potential investments.

DIVIDEND

The Board does not recommend the payment of a final dividend for the period 31 December 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 31 December 2015, the cash and bank balances amounted to approximately HK\$31.4 million (2014: HK\$116.8 million). The net current assets amounted to approximately HK\$176.0 million as at the balance sheet date (2014: HK\$220.5 million). As at 31 December 2015, the Group had no capital commitment (2014: approximately HK\$0.78 million).

Gearing ratio

As at 31 December 2015, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 0.6% (2014: Nil). The increase in gearing ratio was due to the new secured bank borrowings and finance leases.

Property, plant and equipment

As of 31 December 2015, the Group's property, plant and equipment amounted to approximately HK\$31.9 million (2014: HK\$18.0 million). During the year, the Group had acquired a yacht for promoting company business. The costs of acquisition were about HK\$ 16.4 million.

Material acquisition and disposal

During the year, there were no significant acquisitions or disposals of principal subsidiaries.

Share option scheme

During the year, the Group granted certain share options to the directors and its staff as a part of the employee motivation scheme. As a result, there arose share-based payments of HK\$1,185,000 (2014: Nil), which involved no cash flow outlays.

Exposure to foreign exchange

Our investment portfolio primarily comprises listed equities in Hong Kong stock market and debt securities, and other funds are usually maintained in the banks. Majority of them are denominated in Hong Kong dollars or United States dollars. As mentioned in the interim report, we had once invested in certain RMB bonds. In the last quarter of 2015, the Board decided to minimize the exposure in the currency of RMB and dispose all of the then holding in RMB bonds accordingly. Thus, the Board considers the Group has no significant exposure to foreign exchange fluctuation at the end of the financial year.

Capital structure

Share consolidation

During the year, the Company implemented a share consolidation of every ten existing shares of HK\$0.01 each in the issued and unissued share capital into one consolidated share of HK\$0.1 each and the board lot size for trading in the Stock Exchange of Hong Kong was changed from 30,000 shares to 6,000 consolidated shares. After such exercise, the number of issued shares was consolidated from 2,633,272,500 to 263,327,250. Details of the share consolidation and the change in board lot size were set out in the circular dated 25 February 2015 and the announcement dated 13 March 2015.

In August 2015, the Company issued 52,662,000 ordinary shares at a price of HK\$0.51 each, by way of share placement. The net proceeds of about HK\$26.1 million were intended to be used for general working capital of the Group and potential investments to be identified. After the above placing exercise, the issued share capital of the Company was increased from HK\$26,332,725 to HK\$31,598,925. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium.

Share premium reduction

During the year, the Company reduced the entire amount standing to the credit of the share premium account of the Company as at 31 December 2014, which was approximately HK\$258.38 million. This credit was reduced and the credit arising therefrom was entirely transferred to the contributed surplus account. Immediately upon completion of the share premium reduction, the credit balance of the contributed surplus account was increased by approximately HK\$258.38 million with a balance of approximately HK\$382.79 million.

The share premium reduction and the subsequent transfer of the credit arising therefrom to the contributed surplus account can give us greater flexibility to declare dividends or make distribution to the shareholders in the future as and when we considers appropriate. Details of the reasons and effect of the share premium reduction were set out in the circular of the Company dated 30 September 2015.

Save as disclosed above, there was no movement on the share capital of the Company during the year ended 31 December 2015.

Pledge of the company's assets

As at 31 December 2015, the office premises with a carrying amount of HK\$12.5 million (31 December 2014: HK\$13.04 million) was pledged for an instalment loan and the Group's obligations under a finance leases was secured by the Group's title to the leased assets, which had carrying amount of approximately HK\$14.3 million (2014: Nil).

Human resources

As at 31 December 2015, the Company has 27 employees, and all of them were in Hong Kong. Total staff cost and directors' remuneration paid for the year was approximately HK\$14.6 million (2014: approximately HK\$10.1 million). The remuneration packages for the employees and the directors are in line with the prevailing market practice and are determined on the basis of performance and experience of each individual.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and implementing a high standard of corporate governance and recognizes that good governance can help the business to deliver its strategies, generate shareholder value and meet its obligations towards shareholder and other stakeholders. The Company has established a governance structure, and embeds governance and principles in the business to ensure accountability, fairness, integrity and transparency. The Board adheres to corporate governance practices by adopting and complying with the established rules, codes, guidelines under the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules.

The Company has followed the CG Code and formulated its own policies and procedures regarding the corporate governance practices. During the financial year of 2015, the Company complied with all of the provisions under the CG Code except for the following:

Code A.4.1

All the Non-executive Directors were not appointed for a specific term, however, their appointment are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

Code A.7.1

The code provision A.7.1 requires an agenda and accompanying board papers should be sent, in full, to all directors for regular board meetings and as far as practicable in all other cases. These papers should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practical reasons, an agenda and accompanying board papers have not been sent, in full, in 3 days in advance to certain meetings of the Board or Board Committee. Since December 2015, the Company Secretary has used its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at least 3 days in advance to the extent practicable.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tam Yuk Sang, Sammy, Dr. Ng Chi Yeung, Simon and Ms. Florence Ng, with written terms of reference in compliance with the code provision C.3.3 of the Code as set out in the Appendix 14 of the Listing Rules. Mr. Tam Yuk Sang, Sammy is the chairman of the audit committee.

The Audit Committee has reviewed with the management on the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters including a review and approval of the annual financial statements for year ended 31 December 2015 (“2015 Annual Report”).

ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held on Monday, 30 May 2016. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2016 to 30 May 2016, both days inclusive, for the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than on 4:30 p.m. on Tuesday, 24 May 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions (the “Model Code”). Having made specific enquiry of all directors of the Company, the directors of the Company have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION ON THE STOCK EXCHANGE’S WEBSITE

The results announcement will be published on the Stock Exchange’s website (<http://www.hkex.com.hk>). The 2015 Annual Report, in due course, will be dispatched to the shareholders and will be made available on the website of Stock Exchange.

APPRECIATION

On behalf of the Company, I would express my heartfelt gratitude towards all of the directors, management and staff members for their support and contribution to the Group. I sincerely hope that the new investment focus in the internet finance and investment sector can bring the performance of the Company to a next level.

By Order of the Board
**China Internet Investment
Finance Holdings Limited**
Lam Man Chan
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the executive Director is Mr. Lee Kwok Leung; the non-executive Director is Dr. Lam Man Chan and the independent non-executive Directors are Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng.