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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 2018

RESULTS

The Board of Directors (the “Board”) of China Internet Investment Finance Holdings 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 2018, with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Gross proceeds from operations	4	<u>49,188</u>	<u>52,417</u>
Revenue			
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)		2,422	1,848
Interest income from debt instruments at fair value through other comprehensive income (“FVTOCI”)		1,391	—
Interest income from available-for-sale (“AFS”) financial assets		—	1,940
Interest income from financial assets at FVTPL		—	<u>275</u>
Total revenue		3,813	4,063

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Net fair value change on financial assets at FVTPL		(25,977)	(17,994)
Other income		85	367
Other gains or losses	5	(424)	(454)
Administrative expenses		(30,048)	(29,440)
Other operating expenses		(1,167)	(1,182)
		<hr/>	<hr/>
Loss from operations		(53,718)	(44,640)
Finance costs	6	(122)	(252)
Share of results of associates		—	(447)
		<hr/>	<hr/>
Loss before income tax	7	(53,840)	(45,339)
		<hr/>	<hr/>
Income tax expenses	8	—	—
		<hr/>	<hr/>
Loss for the year		(53,840)	(45,339)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to owners of the Company		(53,840)	(45,339)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	9	(8.65)	(8.40)
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss for the year	<u>(53,840)</u>	<u>(45,339)</u>
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Reclassification of AFS reserve upon impairment loss recognised	—	165
Release of AFS reserve upon disposal	—	(743)
Release of FVTOCI reserve upon disposal	549	—
Exchange differences arising on translation of foreign operations	(44)	—
Fair value (loss) gain on:		
AFS financial assets	—	973
Debt instruments at FVTOCI	<u>(1,868)</u>	<u>—</u>
Other comprehensive (expense) income for the year, net of income tax	<u>(1,363)</u>	<u>395</u>
Total comprehensive expense for the year attributable to owners of the Company	<u>(55,203)</u>	<u>(44,944)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property and equipment		11,555	16,313
Intangible asset		120	120
AFS financial assets		—	37,756
Debt instruments at FVTOCI		11,066	—
Financial assets at FVTPL		50,284	46,140
Interests in associates		—	—
Deposits paid for acquisition of property and equipment		300	—
		<u>73,325</u>	<u>100,329</u>
Current assets			
Financial assets at FVTPL		44,582	66,226
Other receivables, prepayments and deposits		3,233	2,726
Amount due from an associate		—	2,500
Cash and bank balances		30,941	22,541
		<u>78,756</u>	<u>93,993</u>
Total assets		<u>152,081</u>	<u>194,322</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	65,512	54,595
Reserves		76,529	127,480
Total equity		<u>142,041</u>	<u>182,075</u>
LIABILITIES			
Current liabilities			
Accruals		6,902	6,037
Secured bank loan		3,138	3,610
Obligation under a finance lease		—	2,600
		<u>10,040</u>	<u>12,247</u>
Total equity and liabilities		<u>152,081</u>	<u>194,322</u>
Net current assets		<u>68,716</u>	<u>81,746</u>
Total assets less current liabilities		<u>142,041</u>	<u>182,075</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”) 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities and 2) expected credit losses (“ECL”) for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

		AFS	Debt	Financial	Financial
		financial	instruments at	assets	assets at
		assets	FVTOCI	designated at	FVTPL
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				required by	HKFRS 9
				<i>HK\$'000</i>	
At 31 December 2017					
— HKAS 39		37,756	—	112,366	—
Effect arising from initial application of HKFRS 9:					
Reclassification					
From AFS financial assets	(a)	(37,756)	33,086	—	4,670
From designated at FVTPL	(b)	—	—	(112,366)	112,366
		<u>—</u>	<u>33,086</u>	<u>—</u>	<u>117,036</u>
At 1 January 2018		<u>—</u>	<u>33,086</u>	<u>—</u>	<u>117,036</u>

(a) AFS financial assets

From AFS financial assets to debt instruments at FVTOCI

Listed debt securities with a fair value of HK\$33,086,000 were reclassified from AFS financial assets to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK\$658,000 continued to accumulate in the FVTOCI reserve as at 1 January 2018.

From AFS financial assets to financial assets at FVTPL

At the date of initial application of HKFRS 9, the Group's listed perpetual securities of HK\$4,670,000 were reclassified from AFS financial assets to financial assets at FVTPL.

(b) *Financial assets at FVTPL or designated at FVTPL*

At the date of initial recognition, the Group no longer applied designations measured at FVTPL for the portfolio of equity securities which is managed and its performance is evaluated on a fair value basis, as these equity securities are required to be measured at FVTPL under HKFRS 9. As a result, these investments were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

(c) *Impairment under ECL model*

ECL for other financial assets at amortised cost, including bank balances, other receivables, other deposits and amount due from an associate, are assessed on 12-month ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

The Group’s debt instruments at FVTOCI mainly comprised listed debt securities with relatively high credit rating. Therefore, these instruments are considered to be low credit risk investments and the loss allowance was assessed on 12m ECL basis.

As at 1 January 2018, no credit loss allowance was recognised against accumulated losses or FVTOCI reserve as the ECL was found to be insignificant.

Amendments to HKAS 28 as part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The amendments clarified that the election to measure at FVTPL an investment in an associate that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

During the year ended 31 December 2018, the Group has elected to measure an investment in an associate at FVTPL in accordance with HKFRS 9.

3. SEGMENT INFORMATION

The Group’s principal activity is investment in equity and debt instruments. The Group’s business activity is organised into one single segment, investment holding. For the purpose of resources allocation and assessment of performance, management regularly review and manage the Group’s investment portfolio, including AFS financial assets, debt instruments at FVTOCI and financial assets at FVTPL. Information regularly provided to the management mainly includes fair value of respective investees and the investment income, no further discrete financial information was provided. The Group’s financial assets and other investments holdings are primarily managed and evaluated on a portfolio basis for listed securities. Therefore, no segment information is presented.

The Group’s segment results by geographical areas are not presented as significant transactions are mainly based in Hong Kong.

4. GROSS PROCEEDS FROM OPERATIONS

Gross proceeds represent investment income of the Group and the gross proceeds from disposal of financial assets at FVTPL, as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Gross proceeds from disposal of financial assets at FVTPL	45,375	48,354
Dividend income from financial assets at FVTPL	2,422	1,848
Interest income from debt instruments at FVTOCI	1,391	—
Interest income from AFS financial assets	—	1,940
Interest income from financial assets at FVTPL	—	275
	<u>49,188</u>	<u>52,417</u>

5. OTHER GAINS OR LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Exchange gain	125	141
Gain on disposal of AFS financial assets	—	743
Loss on disposal of debt instruments at FVTOCI	(549)	—
Impairment loss on AFS financial assets	—	(165)
Impairment loss on interests in associates	—	(1,173)
	<u>(424)</u>	<u>(454)</u>

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interests on a secured bank loan	(85)	(97)
Interests on a finance lease	(37)	(155)
	<u>(122)</u>	<u>(252)</u>

7. LOSS BEFORE INCOME TAX

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Auditor's remuneration	800	720
Depreciation	4,949	7,849
Donation	229	433
Employee benefits expenses excluded share-based payment expense	15,992	15,322
Share-based payment expense	858	—
	<u>16,850</u>	<u>15,322</u>
Total employee benefit expenses	16,850	15,322
Custody services fees (<i>note</i>)	77	105
Investment management fees (<i>note</i>)	600	600
Bank interest income	(12)	(3)
	<u>(12)</u>	<u>(3)</u>

Note: They were de-minimise continuing connected transactions of the Company under Rule 14A.73(1) of the Listing Rules.

8. INCOME TAX EXPENSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current income tax		
— Hong Kong Profits Tax	—	—
	<u>—</u>	<u>—</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for taxation in Hong Kong has been made as there is no estimated assessable profit for both years.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company		
Loss for the purpose of basic and diluted loss per share	<u>(53,840)</u>	<u>(45,339)</u>
	2018 <i>'000</i>	2017 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	622,221	539,470
Effect of potential dilutive ordinary shares:		
Shares issuable from the Company's share options (<i>note</i>)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>622,221</u>	<u>539,470</u>
Basic and diluted loss per share (<i>HK cents</i>)	<u>(8.65)</u>	<u>(8.40)</u>

Note: The Company had 15,100,000 outstanding share options as at 31 December 2018 (2017: 15,100,000). The computation of diluted loss per share for both years did not assume the exercise of share options because the adjusted exercise prices of those options were higher than the average market price for shares in that year.

10. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 January 2017 and 31 December 2017 and 2018, at HK\$0.10 each	2,000,000	200,000
Issued and fully paid:		
At 1 January 2017	454,962	45,496
Placing of new shares (<i>Note a</i>)	90,990	9,099
At 31 December 2017	545,952	54,595
Placing of new shares (<i>Note b</i>)	109,170	10,917
At 31 December 2018	655,122	65,512

Notes:

- (a) In January 2017, the Company issued a total of 90,990,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.26 each. Further details were mainly set out in the announcement dated 27 January 2017.
- (b) In April 2018, the Company issued a total of 109,170,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.135 each. Further details were mainly set out in the announcement dated 20 April 2018.

11. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share at the end of the reporting period is based on the net assets of approximately HK\$142,041,000 (2017: HK\$182,075,000) and approximately 655,122,000 (2017: 545,952,000) ordinary shares of HK\$0.10 each in issue at 31 December 2018. The net asset value per share as at 31 December 2018 is HK\$0.22 (2017: HK\$0.33).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

KEY PERFORMANCE INDICATOR

Net asset value is employed as the key performance indicator. As at the balance sheet date, it amounted to be about HK\$142.0 million (31 December 2017: HK\$182.1 million) and decreased by about 22.0%. This decrease was mainly attributable to the net fair value loss of the equity investment portfolio. This was generally in line with the drop in the stock market indices, and the Hang Seng Index, Hang Seng China Enterprises Index and GEM Board Index fell 13.6%, 13.5% and 44.5% respectively for the year. During the year, the Company increased the equity by HK\$14.3 million through a placing of new shares.

INVESTMENT PORTFOLIO REVIEW

Debt instruments at fair value through other comprehensive income

As at the balance sheet date, the debt instruments at fair value through other comprehensive income amounted to about HK\$11.1 million (31 December 2017: Nil) and classified as non-current assets. During the year, the listed debt securities portfolio had been reviewed and the investments in lower-yield debt securities were reduced in view of the rising U.S. interest rate environment. Higher-yield debt securities were kept to earn a better return.

Financial assets at fair value through profit or loss

These mainly represented equity investments and the current portion comprised listed equity investments of about HK\$44.6 million (31 December 2017: HK\$66.2 million). The non-current portion comprised listed equity investments of about HK\$32.5 million (31 December 2017: HK\$46.1 million) and an unlisted equity investment and its derivatives. The unlisted equity investment is our pre-Initial Public Offering (“IPO”) investment made in China Oriented International Holdings Limited (“China Oriented”) during the year. The Group subscribed 14% of new shares in the issued share capital of China Oriented at a consideration of HK\$16 million. As at the balance sheet date, the fair value of this unlisted equity investment and related derivatives amounted to HK\$17.8 million. China Oriented is engaged in the provision of driving training service with two driving schools, which operated in Zhumadian City, Henan Province, the PRC. In November 2018, China Oriented submitted an application to the Stock Exchange of Hong Kong for a listing at the main board.

REVIEW OF OPERATIONS

For the year ended 31 December 2018, the Group recorded investment income and gross proceeds from disposal of financial assets at FVTPL of about HK\$49.2 million (2017: about HK\$52.4 million), representing decrease of about 6.1% as compared to the corresponding period of last year.

Revenue

For the year ended 31 December 2018, the revenue of the Group was HK\$3.8 million (2017: HK\$4.1 million) comprising of dividend income from financial assets at FVTPL of about HK\$2.4 million (2017: HK\$1.9 million), interest income from debt instruments at FVTOCI of about HK\$1.4 million (2017: Nil) and no interest income from AFS financial assets and financial assets at FVTPL (2017: HK\$1.9 million and HK\$0.3 million respectively). The revenue was comparable to that of corresponding year.

Loss from operations

For year ended 31 December 2018, loss from operations amounted to HK\$53.7 million (2017: HK\$44.6 million). It was partly attributable to the net fair value losses on listed equity securities of about HK\$27.8 million (2017: HK\$18.0 million), which was partly offset by the fair value gain on an unlisted equity investment and related derivatives of about HK\$1.8 million (2017: Nil). In particular, the remeasurement of our equity investment in GEM Board shares resulted in a fair value loss of about HK\$20.8 million (2017: HK\$33.0 million) which was underperformed as compared to the corresponding market index. The Hong Kong stock market also exhibited significant volatility. The Hang Seng Index reached a record high level in January 2018 but subsequently, it dropped and hit a major correction in October 2018. Particularly, the trade war between the US and the Mainland broke out and the economy in the PRC slowed down coupled with a weakening renminbi.

Other income, mainly represented the interest income from an associate, decreased by approximately HK\$282,000 because the related loan to associate was fully paid off in early 2018.

The other loss of about HK\$0.4 million (2017: HK\$0.5 million) was mainly caused by the disposal of certain debt instruments at FVTOCI during the year.

The administrative expenses and other operating expenses amounted to HK\$31.2 million (2017: HK\$30.6 million). The expenses mainly comprised employment benefit expenses of about HK\$16.9 million (2017: HK\$15.3 million) and depreciation charge of fixed assets of about HK\$4.9 million (2017: HK\$7.8 million). The finance cost decreased to HK\$0.1 million (2017: HK\$0.3 million) because the obligation under a finance lease was fully settled during the year.

Share of results of associates

It represents the investment in the 30% shareholding of Superb Kingdom Limited (“SKL”) and its subsidiaries which include our direct and indirect interests therein. SKL had previously suffered from the tough business environment of LED lightings and we had made full impairment of the investment costs in prior year. During the year, SKL attempted to conduct certain LED lighting installation projects in Hong Kong and hoped to improve its performance.

UPDATE ON RECOVERY OF OUTSTANDING CONVERTIBLE NOTE (“CN”) RECEIVABLES

The winding up of the CN issuers and the corporate guarantor are underway and the Group’s lawyers continue to consider practical ways to recover the outstanding CN receivables.

PROSPECTS

Market outlook

In December 2018, the trade truce between China and U.S. gave both sides political breathing room. Their negotiation appears to go well and the investor sentiment has improved and turned positive. Furthermore, in January 2019, China reduced the ratio of reserve requirement by 1% to provide more market liquidity. The U.S. Federal Reserve has also become dovish and the expectation of interest rate hikes is not as high as that of prior year. Together with the joint announcement of policy measures of Guangdong-Hong Kong-Macau Greater Bay Area in February 2019, the stock market has bounced significantly since the beginning of 2019.

The Group has planned to invest more in private equity (“PE”), in particular the pre-IPO investments which can typically provide good investment exits within a reasonable time period. During the year, we have invested in China Oriented which has submitted its application for listing. We will plan to invest in other PE opportunities which are of good potential. To facilitate the investment process, we have obtained a money lender license and set up an investment company in China.

China will also launch a new technology and innovation stock board in Shanghai with a registration-based IPO system and the new board will allow companies that are not yet profitable to list for the first time. Together with the measures under the Greater Bay Area development, we expect that there will be more pre-IPO investment opportunities in biotech companies and fintech companies.

Regarding the listed equity portfolio, the buy-and-hold strategy and short-term trading tactics are used to enhance the overall investment returns. We will also continue to review the fixed income portfolio (including perpetual securities) to ensure a better risk-adjusted return can be derived therefrom.

Moreover, the Group will consider ways to strengthen its capital base and enhance the financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 31 December 2018, the cash and bank balances amounted to approximately HK\$30.9 million (31 December 2017: HK\$22.5 million) and the net current assets amounted to approximately HK\$68.7 million (31 December 2017: HK\$81.7 million).

As at 31 December 2018, the Group had no capital commitment (31 December 2017: Nil).

Gearing ratio

As at 31 December 2018, the gearing ratio, calculated as a percentage of total borrowings over equity attributable to owners of the Company, dropped to 2% (31 December 2017: 3%).

Property and equipment

As of 31 December 2018, the Group's property and equipment amounted to approximately HK\$11.6 million (31 December 2017: HK\$16.3 million).

Material acquisition and disposal

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

Share option scheme

During the year, 7,800,000 share options were lapsed and 7,800,000 share options had been granted and no share options were exercised and cancelled. There are 15,100,000 shares options outstanding as at 31 December 2018.

Exposure to foreign exchange

The 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 U.S. dollars. The Board considers the Group has no significant exposure to foreign exchange fluctuation at the balance sheet date.

Capital structure

In April 2018, the Company issued a total of 109,170,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.135 each, by way of a share placing. The net proceeds of about HK\$14.3 million were used for some investments and general working capital.

As at 31 December 2018, the Company's total number of issued shares was 655,121,250 (31 December 2017: 545,951,250 shares).

Pledge of the group's assets

As at 31 December 2018, the office premises with a carrying amount of HK\$10.9 million (31 December 2017: HK\$11.4 million) was pledged for a mortgaged loan. As at 31 December 2017, the Group's obligation under a finance lease was secured by the Group's title to the leased assets, which had carrying amount of approximately HK\$3.6 million.

Human resources

As at 31 December 2018, the Company have 32 employees (31 December 2017: 27). 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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and implementing a high standard of corporate governance and recognises 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 2018, the Company complied with all of the provisions under the CG Code except for the following:

Code provision A.4.1

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

Code provision 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. Save for the disclosure for certain inside information which demanded timely publication of announcements, 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 consists of three independent non-executive Directors, namely, Mr. Tam Yuk Sang, Sammy, Dr. Ng Chi Yeung, Simon and Ms. Florence Ng. Mr. Tam Yuk Sang, Sammy is the Chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2018 with the Company's management.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of three Independent Non-executive Directors, namely, Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. Mr. Tam Yuk Sang, Sammy is the Chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee of the Company currently consists of one Executive Director, namely, Mr. Lee Kwok Leung and three Independent Non-executive Directors, namely, Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. Dr. Ng Chi Yeung, Simon is the Chairman of the Nomination Committee.

ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held on 24 May 2019. 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 20 May 2019 to 24 May 2019, 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 17 May 2019.

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 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

During the year ended 31 December 2018, 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 2018 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.

On behalf of the Board
China Internet Investment Finance Holdings Limited
Lam Man Chan
Chairman

Hong Kong, 29 March 2019

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