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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 2019**

**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 2019, with comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2019*

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
Gross proceeds from operations	4	<b><u>30,704</u></b>	<u>49,188</u>
Revenue			
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)		<b>2,141</b>	2,422
Interest income from debt instruments at fair value through other comprehensive income (“FVTOCI”)		<b><u>216</u></b>	<u>1,391</u>
Total revenue		<b>2,357</b>	3,813

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
Net fair value change on financial assets at FVTPL	5	<b>(24,045)</b>	(25,977)
Other income		<b>180</b>	85
Other gain or loss	6	<b>(446)</b>	(424)
Administrative expenses		<b>(26,525)</b>	(30,048)
Other operating expenses		<b>(1,377)</b>	(1,167)
Share of results of associates		<b>(26)</b>	—
		<hr/>	<hr/>
Loss from operations		<b>(49,882)</b>	(53,718)
Finance costs	7	<b>(76)</b>	(122)
		<hr/>	<hr/>
Loss before income tax	8	<b>(49,958)</b>	(53,840)
Income tax expenses	9	<b>—</b>	—
		<hr/>	<hr/>
Loss for the year		<b>(49,958)</b>	(53,840)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the year attributable to owners of the Company		<b>(49,958)</b>	(53,840)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
Basic ( <i>HK cents</i> )		<b>(6.72)</b>	(8.65)
		<hr/> <hr/>	<hr/> <hr/>
Diluted ( <i>HK cents</i> )		<b>(6.70)</b>	(8.65)
		<hr/> <hr/>	<hr/> <hr/>

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

*For the year ended 31 December 2019*

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss for the year	<u><b>(49,958)</b></u>	<u>(53,840)</u>
Other comprehensive income (expense): <i>Items that may be reclassified subsequently to profit or loss:</i>		
Release of FVTOCI reserve upon disposal of debt instruments	<b>543</b>	549
Exchange differences arising on translation of foreign operations	<b>(59)</b>	(44)
Fair value gain (loss) on debt instruments at FVTOCI	<u><b>166</b></u>	<u>(1,868)</u>
Other comprehensive income (expense) for the year, net of income tax	<u><b>650</b></u>	<u>(1,363)</u>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>	<u><b>(49,308)</b></u>	<u>(55,203)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		<b>11,150</b>	11,555
Intangible asset		<b>120</b>	120
Debt instruments at FVTOCI	<i>11</i>	<b>1,724</b>	11,066
Financial assets at FVTPL	<i>12</i>	<b>63,353</b>	50,284
Interests in associates		<b>236</b>	—
Deposits paid for acquisition of property and equipment		—	300
		<u><b>76,583</b></u>	<u>73,325</u>
<b>Current assets</b>			
Financial assets at FVTPL	<i>12</i>	<b>35,872</b>	44,582
Other receivables, prepayments and deposits		<b>2,354</b>	3,233
Cash and bank balances		<b>24,766</b>	30,941
		<u><b>62,992</b></u>	<u>78,756</u>
<b>Total assets</b>		<u><b>139,575</b></u>	<u>152,081</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>14</i>	<b>94,282</b>	65,512
Reserves		<b>34,580</b>	76,529
<b>Total equity</b>		<u><b>128,862</b></u>	<u>142,041</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals		<b>8,057</b>	6,902
Secured bank loan		<b>2,656</b>	3,138
		<u><b>10,713</b></u>	<u>10,040</u>
<b>Total equity and liabilities</b>		<u><b>139,575</b></u>	<u>152,081</u>
<b>Net current assets</b>		<u><b>52,279</b></u>	<u>68,716</u>
<b>Total assets less current liabilities</b>		<u><b>128,862</b></u>	<u>142,041</u>

## NOTES

### 1. BASIS OF PREPARATION

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 that are measured at fair values.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand unless otherwise indicated.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

#### **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 HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle

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 position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **2.1 HKFRS 16 Leases**

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded Hong Kong Accounting Standard (“HKAS”) 17 *Leases*, and the related interpretations.

##### *Definition of a lease*

The Group elected to use the practical expedient in applying HKFRS 16 to contracts that were previously identified as leases under HKAS 17 and HK(IFRIC) — Int 4 *Determining whether an Arrangement contains a Lease* and did not apply this standard to contracts that were not previously identified as containing a lease. The Group has not reassessed contracts which existed prior to the date of initial application.

*As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 31 December 2018, the Group had non-cancellable operating lease commitments of HK\$281,000. Based on the assessment of the Company, the transition to HKFRS 16 as a lessee had no material impact on the Group's consolidated financial statements as at 1 January 2019.

### 3. SEGMENT INFORMATION

The Group's principal activity is investment in equity and debt instruments. For the purpose of resources allocation and assessment of performance, the management regularly reviews and manages its investments on a portfolio basis. Information is regularly provided to the management and mainly includes fair value of respective investees and the related investment income. Therefore, no segment information is presented other than entity-wide disclosures.

The Group's revenue is generated from its operations in Hong Kong. The Group's non-current assets (excluding debt instruments at FVTOCI, financial assets at FVTPL and interests in associates) are located in Hong Kong.

### 4. GROSS PROCEEDS FROM OPERATIONS

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Gross proceeds from disposal of financial assets at FVTPL	28,347	45,375
Dividend income from financial assets at FVTPL	2,141	2,422
Interest income from debt instruments at FVTOCI	216	1,391
	<u>30,704</u>	<u>49,188</u>

### 5. NET FAIR VALUE CHANGE ON FINANCIAL ASSETS AT FVTPL

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Fair value change on listed equity securities	(60,279)	(27,276)
Fair value change on listed perpetual securities	266	(501)
Fair value change on unlisted equity-linked notes	8	—
Fair value change on an unlisted equity investment	38,060	3,000
Fair value change on derivatives of an unlisted equity investment	(2,100)	(1,200)
	<u>(24,045)</u>	<u>(25,977)</u>

## 6. OTHER GAIN OR LOSS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Exchange gain	97	125
Loss on disposal of debt instruments at FVTOCI	<u>(543)</u>	<u>(549)</u>
	<u><u>(446)</u></u>	<u><u>(424)</u></u>

## 7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interests on a secured bank loan	(76)	(85)
Interests on a finance lease	<u>—</u>	<u>(37)</u>
	<u><u>(76)</u></u>	<u><u>(122)</u></u>

## 8. LOSS BEFORE INCOME TAX

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Auditors' remuneration	1,300	800
Depreciation	1,190	4,949
Donation	320	229
Employee benefits expenses excluded share-based payment expense	16,719	15,992
Share-based payment expense	<u>429</u>	<u>858</u>
Total employee benefit expenses	17,148	16,850
Custody services fees	67	77
Investment management fees	600	600
Bank interest income	<u><u>(180)</u></u>	<u><u>(12)</u></u>

## 9. INCOME TAX EXPENSES

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for both years.

## 10. 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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Loss attributable to owners of the Company</b>		
Loss for the purpose of basic and diluted loss per share	<u>(49,958)</u>	<u>(53,840)</u>
	2019 '000	2018 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	743,490	622,221
Effect of potential dilutive ordinary shares:		
Shares issuable from the Company's share options ( <i>note</i> )	<u>2,055</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>745,545</u>	<u>622,221</u>
Basic loss per share ( <i>HK cents</i> )	<u>(6.72)</u>	<u>(8.65)</u>
Diluted loss per share ( <i>HK cents</i> )	<u>(6.70)</u>	<u>(8.65)</u>

*Note:* The Company had 15,600,000 outstanding share options as at 31 December 2019 (2018: 15,100,000). The computation of diluted loss per share did not assume the exercise of certain (2018: all) share options because the adjusted exercise prices of those options were higher than the average market price for shares in that year.

## 11. DEBT INSTRUMENTS AT FVTOCI

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Listed debt securities		
— Hong Kong	1,724	8,327
— Outside Hong Kong	<u>—</u>	<u>2,739</u>
	<u>1,724</u>	<u>11,066</u>

## 12. FINANCIAL ASSETS AT FVTPL

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Listed equity securities		
— Hong Kong	91,029	72,623
— Australia	188	261
Listed perpetual securities	—	4,182
Unlisted equity – linked notes	8,008	—
Unlisted equity investment	—	15,700
Derivatives of an unlisted equity investment	—	2,100
	<u>99,225</u>	<u>94,866</u>
Analysed for reporting purposes as:		
Current assets	35,872	44,582
Non-current assets	63,353	50,284
	<u>99,225</u>	<u>94,866</u>

## 13. SHARE CAPITAL

	Number of ordinary shares <i>'000</i>	Nominal value of ordinary shares <i>HK\$'000</i>
<b>Authorised:</b>		
<b>At 1 January 2018 and 31 December 2018 and 2019 at HK\$0.10 each</b>	<u>2,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2018	545,952	54,595
Placing of new shares ( <i>Note a</i> )	109,170	10,917
At 31 December 2018	655,122	65,512
Placing of new shares ( <i>Note b</i> )	130,800	13,080
Placing of new shares ( <i>Note c</i> )	156,900	15,690
<b>At 31 December 2019</b>	<u>942,822</u>	<u>94,282</u>

*Notes:*

- (a) 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.
- (b) In May 2019, the Company issued a total of 130,800,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.155 each. Further details were mainly set out in the announcement dated 15 May 2019.
- (c) In December 2019, the Company issued a total of 156,900,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.105 each. Further details were mainly set out in the announcement dated 19 December 2019.

**14. NET ASSETS 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\$128,862,000 (2018: HK\$142,041,000) and approximately 942,822,000 (2018: 655,122,000) ordinary shares of HK\$0.10 each in issue at 31 December 2019. The net asset value per share as at 31 December 2019 is HK\$0.14 (2018: HK\$0.22).

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: 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\$128.9 million (2018: HK\$142.0 million) and decreased by about 9.2% and this was mainly attributable to the loss from operations of about HK\$49.9 million. In order to enhance the capital base, new shares had been placed to raise about HK\$28.8 million. The net asset value per share was HK\$0.14 (2018: HK\$0.22).

## **INVESTMENT PORTFOLIO COMPOSITION**

The portfolio value of the Group amounted to about HK\$100.9 million as at 31 December 2019 (2018: about HK\$105.9 million). This represented investments in (a) listed equities of about HK\$91.2 million (2018: about HK\$72.9 million), (b) unlisted investments with yield enhancement features of about HK\$8 million (2018: Nil) and (c) a listed debt instrument of about HK\$1.7 million (2018: about HK\$11.1 million).

### **Financial Assets at FVTPL**

As at 31 December 2019, the financial assets represented investments in (a) listed equities of about HK\$91.2 million (2018: HK\$72.9 million) and (b) unlisted equity-linked notes of about HK\$8 million (2018: Nil). In prior year, the financial assets included also perpetual securities and unlisted pre-IPO investment and its derivatives. The perpetual securities were either redeemed or disposed of during the year and the pre-IPO investment was reclassified to listed equities upon its listing in Hong Kong.

#### **A. Listed equities portfolio**

The current portion comprised listed equity investments of about HK\$27.9 million (2018: HK\$44.6 million). The non-current portion comprised listed equity investments of about HK\$63.3 million (2018: HK\$28.3 million). During the year, our pre-IPO investment in China Oriented International Holdings Limited obtained its listing status at the Main Board of the Stock Exchange of Hong Kong and such investment was reclassified to the category of listed equities with a net fair value gain for the year of about HK\$1.1 million.

#### **B. Unlisted equity-linked notes**

During the year, the Company invested in two 9-month callable equity-linked notes in the aggregate nominal amount of about HK\$8 million. These notes were issued by investment bankers and linked to a basket of Hong Kong blue-chip stocks, respectively. In January 2020, these two notes were called and redeemed respectively.

### **C. Listed debt instruments at fair value through FVTOCI**

As at the reporting date, our investment in a listed debt security amounted to HK\$1.7 million (2018: HK\$11.1 million) and was classified as non-current assets.

## **REVIEW OF OPERATIONS**

### **Market Review**

According to the Research Paper No. 66: A Review of the Global and Local Securities Markets in 2019 issued by the Securities Futures Commission on 14 February 2020, during the year, the Dow, Nasdaq and S&P 500 at the United States (“US”) market jumped up 22.3%, 35.2% and 28.9% respectively. All these indices reached record highs. During the year, the trade negotiations between the Mainland and the US suffered sudden setbacks after the US announced tariffs on Mainland imports. In December 2019, the phase-one trade deal was finally reached, with some existing tariffs reduced and new tariffs cancelled. The inverted Treasury yield curve also raised concerns of an economic recession and, subsequently, such concerns were outweighed by the optimism over interest rate cuts by the Federal Reserve.

In Hong Kong, the Hang Seng Index (HSI) and the Hang Seng China Enterprises Index only rose 9.1% and 10.3% for the year respectively and displayed an underperformance as compared to other markets. In April, the HSI hit a high of above 30,000 and then the market fluctuated downwards mainly due to the uncertainties about Sino-US trade talks. Furthermore, the political turmoil in Hong Kong have adversely affected the business outlook for the financial, property, tourism and retail sectors since June 2019. The Hong Kong GDP also fell in the second to fourth quarters respectively.

The Mainland market rallied on the trade deal with the US, supportive measures to boost the economy and continued fund inflows. The Shanghai Composite Index and the Shenzhen Composite Index rose 22.3% and 35.9%, respectively.

### **Revenue**

During the year, the gross proceeds from disposal of investments and investment income amounted to about HK\$30.7 million (2018: about HK\$49.2 million). The year-on-year decrease of about 37.6% was partly attributed to the high volatility of the stock market.

For the year ended 31 December 2019, the revenue of the Group of HK\$2.4 million (2018: HK\$3.8 million) comprised of dividend income of about HK\$2.2 million (2018: HK\$2.4 million). The interest income decreased to HK\$0.2 million (2018: HK\$1.4 million) because of the lower amount of investment in listed debt instruments.

## **Loss from operations**

For year ended 31 December 2019, the loss from operations was about HK\$49.9 million (2018: HK\$53.7 million) and was mainly attributable to the net fair value loss on our equity portfolio of about HK\$24.0 million. Further details of the major investments held are set out in the annual report for the year.

Other income mainly represented bank interest income of HK\$180,000 (2018: HK\$12,000) and in the prior year, there was interest income of about HK\$73,000 from a loan to an associated company. Other loss of about HK\$446,000 (2018: HK\$424,000) was mainly the release of FVTOCI reserve of listed debt instruments upon their disposal.

Administrative expenses decreased to be about HK\$26.5 million from HK\$30.0 million because the depreciation dropped by about HK\$3.8 million after certain equipment was fully depreciated in prior year.

## **Interests in associates**

The above represent our interests in the 30% shareholding of Superb Kingdom Limited and its subsidiaries and the 29% shareholding of CII Capital Limited. Both of them are insignificant to the balance sheet of the Group and the latter has been inactive during the period.

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

Recovery actions on the above receivables had been taken since 2014. Liquidators, appointed in 2017, completed the winding up proceedings of CN Issuers and the CN corporate guarantors and refunded the remaining statutory deposits to our lawyers in 2019. There was no recovery of any company assets from the above proceedings. The Group’s lawyers will consider cost-effective measures to recover the outstanding CN receivables from the relevant parties.

## **PROSPECTS**

The management has reviewed the strategic asset allocation for our investment portfolio and continued to adopt the typical asset-only approach because of the insignificant liabilities being used. We have combined our investment objectives and risk tolerance, with the liquidity needs and long-term investment horizon in deriving the weights in the asset allocation. Being an investment company under the Chapter 21 of the Listing Rules, we will strictly adhere to such regulatory requirements and treat them as part of our constraints.

In line with our scale, the asset class of equity is considered as our core investment. In general, equities tend to outperform other major asset classes during periods of strong economic growth and underperform during periods of weak economic growth. Regarding equity investing, the main drivers of long-term equity return are capital appreciation and

dividend income. The fundamental investment strategy and the buy-and-hold strategy are used. Tactical asset allocation will be employed to take advantage of possible short-term trading opportunities. Equities-linked products will also be invested to provide lower strike prices if exercised and higher interest income if not being redeemed. Special attention will be paid in selecting the equities within these structured products because in a deep downward market there will be risk in locking to strike prices that will be considerably higher than the prevailing market prices at the time of exercise. Regarding investments in private equity (including pre-IPO investments), they can enhance the expected return of our portfolio but such investments will be made cautiously because of the higher liquidity risks.

However, the recent outbreak of the epidemic caused by the COVID-19 coronavirus is out of expectation of most, if not all, economists in deriving the capital market forecasts for the year 2020. This has also adversely affected the global business environment and sentiment. Major cities in the Mainland China and other countries have taken emergency public health measures. Hong Kong also declared a virus emergency, cancelled Lunar New Year celebrations and restricts links to Mainland China and has taken precautionary measures to include (i) work-from-home arrangement; (ii) all schools to suspend classes; and (iii) compulsory quarantine measures towards special persons arriving at Hong Kong.

The potential impact of the novel coronavirus on the global economy is tremendous but still uncertain. Concerns about a further spread of the COVID-19 coronavirus heighten and these weigh on the corporate earnings and the global economic outlook. The US stock market has recently suffered from a major correction and the sudden cut in Federal Fund rate in March 2020 also surprised the market. In March, 2020, the circuit breakers were triggered at the US stock market and the market sentiment turned bearish. The performance of the global capital markets in 2020 will also depend on the upcoming US presidential election, the ongoing Sino-US trade tensions and the impact of Brexit.

Looking forward, the risks and uncertainties facing the Hong Kong market are expected to increase. Concerns about the adverse impact of coronavirus disease have dampened the investor sentiment. Furthermore, there are worries about a possible slowdown in global economy.

In view of the highly volatile capital market, we have also revised our investment objectives and policies to allow the use of derivatives such as reverse exchange-traded funds and options or warrants for hedging purposes. We will consult with our Investment Manager to implement necessary measures cautiously. In addition, the liquidity risk will also be monitored closely and we will hold a higher percentage of the Company's assets in cash or more liquid securities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial resources and liquidity**

As at 31 December 2019, the cash and bank balances amounted to approximately HK\$24.8 million (2018: HK\$30.9 million) and the net current assets amounted to approximately HK\$52.3 million (2018: HK\$68.7 million). The drop in cash and bank balances was partly attributable to the use for the operating working capital and investments.

As at 31 December 2019, the Group had no material capital commitment (2018: Nil).

### **Gearing ratio**

As at 31 December 2019, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 2.1% (2018: 2.2%) and the ratio was declined steadily.

### **Property and equipment**

As of 31 December 2019, property and equipment amounted to approximately HK\$11.2 million (2018: HK\$11.6 million).

### **Material acquisition and disposal**

During the year, there was a deemed disposal of CII Capital Limited, details of which are set out in the 2019 Annual Report.

### **Share option scheme**

During the year, no share options were exercised and cancelled. 7,300,000 share options had been lapsed and 7,800,000 share options had been granted. There are 15,600,000 shares options outstanding as at 31 December 2019.

### **Exposure to foreign exchange**

The investment portfolio primarily comprises listed equities in Hong Kong stock market and debt instruments, and other funds are usually maintained in the banks. Majority of them are denominated in Hong Kong dollars or United States dollars. The Board considers the Group has no significant exposure to foreign exchange fluctuation at the balance sheet date.

### **Capital structure**

As at 31 December 2019, the Company's total number of issued shares was 942,821,250 (2018: 655,121,250 shares).

By way of share placements, the Company issued a total of 130,800,000 ordinary shares at a price of HK\$0.155 each in May 2019 and 156,900,000 ordinary shares at a price of HK\$0.105 each in December 2019. The par value of such shares is HK\$0.10 each.

### **Pledge of the Group's assets**

As at 31 December 2019, the office premises with a carrying amount of HK\$10.4 million (2018: HK\$10.9 million) was pledged for an instalment loan.

### **Human Resources**

As at 31 December 2019, the Company have 23 employees (2018: 32). 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 2019, 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 2019 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.

#### **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 2019.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### **ANNUAL GENERAL MEETING ("AGM")**

The AGM of the Company will be held on 25 May 2020. The notice of AGM will be published and dispatched 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 2020 to 25 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than on 4:30 p.m. on 19 May 2020.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.irasia.com/listco/hk/cii810>). The Company's Annual Report for the year ended 31 December 2019 will be dispatched to the shareholders of the Company and published on the above websites in due course.

## **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, 23 March 2020

*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.*