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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 2020**

**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 2020, with comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b><i>HK\$'000</i></b>	2019 <i>HK\$'000</i>
Gross proceeds from operations	4	<u><b>168,901</b></u>	<u>30,704</u>
Revenue			
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)		<b>904</b>	2,141
Interest income from financial assets at FVTPL		<b>293</b>	—
Interest income from debt instruments at fair value through other comprehensive income (“FVTOCI”)		<u><b>87</b></u>	<u>216</u>
Total revenue		<b>1,284</b>	2,357

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net fair value change on financial assets at FVTPL		<b>(20,157)</b>	(24,045)
Other income	5	<b>1,115</b>	180
Other losses, net	6	<b>(93)</b>	(446)
Administrative expenses		<b>(24,544)</b>	(26,525)
Other operating expenses		<b>(1,426)</b>	(1,377)
Share of results of associates		<b>(46)</b>	(26)
		<hr/>	<hr/>
Loss from operations		<b>(43,867)</b>	(49,882)
Finance costs	7	<b>(61)</b>	(76)
		<hr/>	<hr/>
Loss before income tax	8	<b>(43,928)</b>	(49,958)
Income tax expense	9	<b>—</b>	—
		<hr/>	<hr/>
<b>Loss for the year</b>		<b><u>(43,928)</u></b>	<b><u>(49,958)</u></b>
<b>Loss for the year attributable to owners of the Company</b>		<b><u>(43,928)</u></b>	<b><u>(49,958)</u></b>
			(Restated)
<b>Loss per share attributable to owners of the Company</b>			
Basic (HK cents)		<b><u>(46.6)</u></b>	<b><u>(67.2)</u></b>
Diluted (HK cents)		<b><u>(46.6)</u></b>	<b><u>(67.2)</u></b>

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

*For the year ended 31 December 2020*

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Loss for the year</b>	<u><b>(43,928)</b></u>	<u>(49,958)</u>
<b>Other comprehensive (expense) income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>27</b>	(59)
Fair value (loss) gain on debt instrument at FVTOCI	<b>(74)</b>	166
Release of FVTOCI reserve upon disposal of debt instruments	<u>—</u>	<u>543</u>
Other comprehensive (expense) income for the year, net of income tax	<u><b>(47)</b></u>	<u>650</u>
Total comprehensive expense for the year attributable to owners of the Company	<u><u><b>(43,975)</b></u></u>	<u><u>(49,308)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		<b>10,282</b>	11,150
Debt instrument at FVTOCI	<i>11</i>	<b>1,745</b>	1,724
Financial assets at FVTPL	<i>12</i>	<b>33,480</b>	63,353
Interests in associates		<b>480</b>	236
Intangible asset		<b>—</b>	120
		<u><b>45,987</b></u>	<u>76,583</u>
<b>Current assets</b>			
Financial assets at FVTPL	<i>12</i>	<b>26,776</b>	35,872
Other receivables, prepayments and deposits		<b>4,395</b>	2,354
Cash and bank balances		<b>18,379</b>	24,766
		<u><b>49,550</b></u>	<u>62,992</u>
<b>Total assets</b>		<u><b>95,537</b></u>	<u>139,575</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>13</i>	<b>94,282</b>	94,282
Reserves		<b>(9,395)</b>	34,580
<b>Total equity</b>		<u><b>84,887</b></u>	<u>128,862</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals		<b>8,490</b>	8,057
Secured bank loan		<b>2,160</b>	2,656
		<u><b>10,650</b></u>	<u>10,713</u>
<b>Total equity and liabilities</b>		<u><b>95,537</b></u>	<u>139,575</u>
<b>Net current assets</b>		<u><b>38,900</b></u>	<u>52,279</u>
<b>Net assets</b>		<u><b>84,887</b></u>	<u>128,862</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 (“HKFRSs”)

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

#### **2.1 Application of Amendments to HKAS 1 and HKAS 8 Definition of Material**

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 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 the Group's 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 operations in Hong Kong. The Group's non-current assets (excluding debt instrument 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 gross proceeds from the disposal of financial assets at FVTPL, as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Gross proceeds from disposal of financial assets at FVTPL	167,617	28,347
Dividend income from financial assets at FVTPL	904	2,141
Interest income from financial assets at FVTPL	293	—
Interest income from debt instruments at FVTOCI	87	216
	<u>168,901</u>	<u>30,704</u>

### 5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Government grants	1,085	—
Bank interest income	30	180
	<u>1,115</u>	<u>180</u>

## 6. OTHER LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange gain	53	97
Loss on write-off of property and equipment	(26)	—
Impairment loss on an intangible asset	(120)	—
Loss on disposal of debt instruments at FVTOCI	—	(543)
	<u>          </u>	<u>          </u>
	<b>(93)</b>	<b>(446)</b>

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on a secured bank loan	<b>(61)</b>	<b>(76)</b>

## 8. LOSS BEFORE INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The Group's loss before income tax is arrived after charging:		
Auditor's remuneration	1,500	1,300
Depreciation	895	1,190
Donation	51	320
Employee benefit expenses excluding share-based payments expenses	16,658	16,719
Share-based payments expenses	—	429
	<u>          </u>	<u>          </u>
Total employee benefit expenses	<b>16,658</b>	17,148
Custody services fees	59	67
Investment management fees	560	600
	<u>          </u>	<u>          </u>

## 9. INCOME TAX EXPENSE

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 owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Loss for the year attributable to owners of the Company</b>		
Loss for the purpose of basic and diluted loss per share	<u>(43,928)</u>	<u>(49,958)</u>
	2020 <i>'000</i>	2019 <i>'000</i> (Restated)
<b>Number of shares (Note i)</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	94,282	74,349
Effect of potential dilutive ordinary shares:		
Shares issuable from the Company's share option (Note ii)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	94,282	74,349
Basic loss per share (HK cents)	<u>(46.6)</u>	<u>(67.2)</u>
Diluted loss per share (HK cents)	<u>(46.6)</u>	<u>(67.2)</u>

### Notes:

- (i) The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 31 December 2020 has been adjusted, taking into account the share consolidation (the "Share Consolidation") on the basis that every ten issued and unissued existing shares will be consolidated into one consolidated share of HK\$1.00 each, which was completed after the current reporting period. The corresponding weighted average number of ordinary shares for the year ended 31 December 2019 has been retrospectively adjusted to reflect the Share Consolidation on 17 March 2021.
- (ii) The Company had 15,600,000 outstanding share options as at 31 December 2020 (2019: 15,600,000). The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.



## 11. DEBT INSTRUMENT AT FVTOCI

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed debt security		
— Hong Kong	<u>1,745</u>	<u>1,724</u>

## 12. FINANCIAL ASSETS AT FVTPL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed equity securities		
— Hong Kong	60,256	91,029
— Australia	—	188
Unlisted equity-linked notes	<u>—</u>	<u>8,008</u>
	<u>60,256</u>	<u>99,225</u>
Analysed for reporting purposes as:		
Current assets	26,776	35,872
Non-current assets	<u>33,480</u>	<u>63,353</u>
	<u>60,256</u>	<u>99,225</u>

## 13. SHARE CAPITAL

	Number of ordinary shares <i>'000</i>	Nominal value of ordinary shares <i>HK\$'000</i>
<i>Notes</i>		
<b>Authorised:</b>		
At 1 January 2019, 31 December 2019 and 2020, at HK\$0.10 each	<u>2,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2019	655,122	65,512
Placing of new shares (a)	130,800	13,080
Placing of new shares (b)	<u>156,900</u>	<u>15,690</u>
At 31 December 2019 and 2020	<u>942,822</u>	<u>94,282</u>

*Notes:*

- (a) 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 17 April 2019, 15 May 2019 and 10 August 2020.
- (b) 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 27 November 2019, 19 December 2019 and 10 August 2020.

**14. DISPOSAL OF A SUBSIDIARY**

During the current year, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Marvel Pacific Limited (“Marvel Pacific”), a wholly-owned subsidiary, at a consideration of Australian dollar (“AUD”) 70,000 (equivalent to HK\$399,000). Marvel Pacific held the Group’s listed equity securities investment in Australia. Upon completion of the disposal, Marvel Pacific ceased to be a subsidiary of the Company and there was no material gain or loss on the disposal. The assets over which deconsolidated was approximately HK\$399,000 and net cash inflow arising on the disposal was approximately HK\$399,000.

**15. DIVIDEND**

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

**16. 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\$84,887,000 (2019: HK\$128,862,000) and approximately 942,822,000 (2019: 942,822,000) ordinary shares of HK\$0.10 each in issue at 31 December 2020. The net asset value per share as at 31 December 2020 is HK\$0.09 (2019: HK\$0.14).

## **CHAIRMAN'S STATEMENT**

### **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

### **KEY PERFORMANCE INDICATOR**

We use our net asset value as the key performance indicator. As at 31 December 2020, it decreased by HK\$44 million to HK\$84.9 million, mainly because the Group suffered an operational loss for the year.

### **INVESTMENT PORTFOLIO COMPOSITION**

As at 31 December 2020, the Group's portfolio value of the Group dropped by HK\$38.9 million and amounted to about HK\$62.0 million. There were two components. Firstly, there were financial assets at fair value through profit or loss amounted to about HK\$60.3 million of listed equities (2019: HK\$91.2 million) and they accounted for the majority of the investment portfolio value. The current and non-current portions of the listed equities portfolio were in the amount of about HK\$26.8 million and HK\$33.5 million, respectively. Secondly, we invested in a long-term debt instrument at fair value through other comprehensive income. As at 31 December 2020, such investment stayed at about HK\$1.7 million and was classified as a non-current asset.

### **REVIEW OF OPERATIONS**

#### **Market Review**

According to the Research Paper No. 68: A Review of the Global and Local Securities Market in 2020 issued by the Securities and Futures Commission on 11 February 2021, major indices in the United States rose in the year and the Dow, Nasdaq and S&P gained 7.2%, 43.6% and 16.3%, respectively. The tech-heavy Nasdaq Composite index outperformed major indices in 2020. It stood strong against the virus attack, as investors continued to favour technology shares. There existed optimism about government policy support, and hopes for the economic recovery in light of positive development of COVID-19 vaccines. The political uncertainties slightly eased after the victory of U.S. President Biden in November 2020. In China, there has been an early recovery from the pandemic and the stock markets performed well. The Shanghai Composite Index gained 13.9% and Shenzhen Composite Index climbed by 35.2%, a highest level since December 2015.

However, the Hong Kong stock market underperformed other markets and, the Hang Seng Index (HSI) and the Hang Seng China Enterprises Index (HSCEI) dropped 3.4% and 3.8%, respectively. There were several major reasons. First of all, the continued spread of COVID-19 adversely affected the economic outlook. Hong Kong's GDP contracted for several consecutive quarters and the unemployment rate hit a 16-year high. Corporate earnings were also reduced by the pandemic as a result of the slowdown in business activity, disruptions in supply chains and declining consumer spending. A number of index constituent stocks reported disappointing earnings as a consequence of the pandemic.

Second, during the year, the respective passing of the Hong Kong national security law and the U.S. Hong Kong Autonomy Act heightened the degree of tensions between U.S. and China. Furthermore, the U.S. Commerce Department blacklisted certain Chinese technology companies, comprising semiconductor manufacturers and 5G related companies. An executive order prohibiting U.S. investments in certain Chinese firms that were considered to be owned or controlled by the Chinese military was also made near the end of the year.

Thirdly, there were some new developments to Chinese new economy companies. In recent years, an increasing number of large-cap Chinese internet companies were listed in Hong Kong. They contributed a significant share of market trading in Hong Kong, and these new economy companies are expected to outperform the traditional enterprises under COVID-19 because of their technology operating models. However, to ensure a level-playing field in the market, Chinese market regulators introduced anti-monopoly guidelines in the platform economy and certain large-cap Chinese new economy companies were subsequently subject to fine for the possible violation of anti-monopoly laws. In late October, PRC regulators also suspended the proposed A-share and H-share listing of Alibaba Group Holdings Limited's fintech affiliate Ant Financial Group Co., Ltd.

Despite the above-mentioned factors, trading in the local stock market was active. The increase was mainly driven by the active trading of newly listed companies in Hong Kong and strong southbound trading through Stock Connect trading.

## **Revenue**

During the year, the gross proceeds from the disposal of investments and investment income amounted to about HK\$168.9 million (2019: about HK\$30.7 million), representing a year-on-year increase of about 450.1%. Gross proceeds from disposal of listed equities reached about HK\$167.6 million (2019: about HK\$28.3 million), and about 78.4% was derived in the second half of the year.

Such increase was mainly caused by our strategic shift to short-term trading in listed equities. Such trading activities typically refer to investments holding within a year. During the year, Hang Seng Tech Index (“HSTECH”) was launched and it surged 78.7% which outperformed HSI and HSCEI. Starting from the second half of 2020, the average daily trading of the top five Chinese new economy stocks together with their derivative warrants and callable bull/bear contracts, accounted for nearly one-fifth of total market trading. They also exhibited higher daily volatility in prices. Accordingly, starting from the second half of 2020, we carried out more short-term trading activities with a focus on certain large-cap Chinese new economy stocks, such as Tencent Holdings Limited, Alibaba Group Holding Limited and JD.com, Inc. and certain constituent stocks of HSTECH.

For the year ended 31 December 2020, the revenue of the Group of HK\$1.3 million (2019: HK\$2.4 million) comprised dividend income of about HK\$0.9 million (2019: HK\$2.2 million), interest income from unlisted equity-linked notes of about HK\$0.3 million (2019: Nil) and interest income from listed debt securities of about HK\$0.1 million (2019: HK\$0.2 million). The decrease of dividend income from listed equities was partly caused by the lower dividend payments received therefrom. In prior year, there was dividend income of about HK\$0.7 million from HSBC Holdings plc. The listed bond interest income decreased because of the lower investment in listed debt instruments.

### **Loss from operations**

For the year ended 31 December 2020, the loss from operations was about HK\$43.9 million (2019: HK\$49.9 million) and was mainly attributable to the net fair value loss on our equity portfolio of about HK\$20.2 million (2019: HK\$24.0 million). During the year, the Hang Seng Index (HSI) and the Hang Seng China Enterprises Index (HSCEI) dropped 3.4% and 3.8%, respectively, and businesses of certain investees in our portfolio were negatively impacted by the COVID-19. Included in the above net fair value loss, there was about HK\$8.7 million unrealized loss arising from the investment in China Oriented International Holding Limited. Its share price dropped significantly mainly because its provision of driving training services had been temporarily suspended due to the COVID-19 outbreak.

During the year, other income mainly comprised the government grants of COVID-19 related subsidies under Employment Support Scheme provided by the Hong Kong Government of about HK\$1.03 million. Other net losses of about HK\$93,000 mainly represented the impairment loss in respect of an intangible asset.

Administrative expenses of about HK\$24.5 million (2019: HK\$26.5 million) mainly comprised employee benefit expenses of about HK\$16.7 million (2019: HK\$17.1 million). Other operating expenses comprised the investment management fee to the Investment Manager of about HK\$560,000 and finance costs represented the mortgage interest on the office premise.

## **Interests in associates**

They represented our interests in the 30% shareholdings of Superb Kingdom Limited and its subsidiaries and the 29% shareholdings of CII Capital Limited (“CII Capital”), respectively. The former had no carrying value and CII Capital was inactive during the year. Both of them are insignificant to the balance sheet of the Group as at the reporting date.

## **PROSPECTS**

There exists expectations that the wide-scale roll out of COVID-19 vaccinations in 2021 can enable global output and corporate earnings to return to pre-pandemic level. In addition, U.S. fiscal stimulus of US\$1.9 trillion had been also approved. As a result, the investor sentiment turns bullish and February saw a rising optimism in the stock markets. In January and February 2021, the Hong Kong stock market rebounded much mainly because of the expectation of global economic recovery and the relatively low valuation as compared to other markets. The HSI and the HSCEI rose 6.1% and 4.8% respectively in two months period. However, there have been increasing concerns on the high valuation of new economy stocks and biotech stocks following the HSI and HSTECH hit the about 31,000 and 11,000 points, respectively. HSTECH has suffered from a greater correction, because of the rotation to reflation players. The 10-year U.S. Treasury yield once climbed to a high level of about 1.7% since March 2020. The further steepening of U.S. Treasury yield curve is expected as the global economies start to recover. Such increase in the 10-year yield has also affected the investment sentiments towards the new economy stocks. HSTECH has declined to the level of about 8,000 points in March 2020. Given the above expectation of rising long-end U.S. Treasury yields, longer duration bonds have underperformed, particularly in the investment grade space, and, thus, we also disposed of our only bond investment, subsequent to the balance sheet date. Instead, bonds that can generate higher yield will be considered.

In March 2021, the market sentiment changed rapidly. There exists ongoing regulatory actions in China against domestic technology companies. Furthermore, the Securities and Exchange Commission announced a law that would kick foreign companies off U.S. exchanges if they do not comply with its auditing standards. As a result, share prices of many dual-listed Chinese companies fell sharply.

Looking forward, the trading of Chinese new economy stock may continue to increase, driven by several factors. Firstly, they are included in major indices. Hang Seng Indexes Company Limited included weighted voting rights and secondary-listed companies in the HSI and HSCEI starting September 2020. Since then, among the top five Mainland new economy stocks, three have been added to the HSI and all five have been added to the HSCEI. In addition, some are constituents of major global indices. This helps attract passive funds to invest in Mainland new economy companies. Secondly, the Stock Connect trading is increasingly active. Eligible Chinese new economy stocks were among the most actively

traded stocks in southbound trading. Chinese investors showed strong interest in trading these stocks. Thirdly, higher liquidity in Hong Kong for secondary-listed companies has been seen. For some Chinese new economy companies with American Depositary Receipts (ADRs) in the U.S. which are secondary-listed in Hong Kong, as more of their ADRs are converted into shares in Hong Kong, this will bring liquidity to the Hong Kong market.

We have chosen the asset class of equity as our core investment and the main drivers of equity return are capital appreciation and dividend income. For the listed equity investments, we will continue to use both buy-and-hold strategy and short-term trading tactics to enhance our investment returns. In response to the high market volatility and trading volume, the Company will conduct more trading activities to take advantage of possible short-term opportunities in the stock market by actively monitoring the market windows.

In early March 2021, Hang Seng Indexes Company Limited indicated that the number of constituent stocks of the Hang Seng Index will rise from 55 to 80 by mid-2022, before ultimately rising to 100. There has been a wave of listings by large technology and pre-revenue biotechnology companies and the proposed expansion can reflect such market changes. Over the next year, Hang Seng Indexes Company Limited is likely to add more stocks among new economy companies, health care firms and US-listed mainland Chinese technology giants that have a secondary listing in Hong Kong.

Investment in unlisted equities can typically provide a high return if there is a successful exit. We would implement stringent due diligence procedures and carefully explore the pre-IPO investments and other private equity investment opportunities in the new economy sector, biotech sector, and other suitable and potential industries. We continue to explore new investment opportunities with good potential. Upon the approval of the capital reorganisation, we would diligently consider various investment opportunities including pre-IPO investments and review, in detail, the funding needs as appropriate.

## **CAPITAL REORGANISATION**

After a review of the capital structure of the Company, we have implemented a capital reorganisation (“Capital Reorganisation”) which was approved by shareholders on 15 March 2021. Capitalised terms used herein shall have the same meanings as defined in the announcement dated 29 January 2021, circular dated 18 February 2021 and announcement dated 15 March 2021 unless the context requires otherwise.



The Capital Reorganisation comprises the following:

- (i) the Share Consolidation by which every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$1.00 each;
- (ii) the Capital Reduction which will be effected immediately upon the Share Consolidation becoming effective and by which the par value of all the then issued and unissued Consolidated Shares shall be reduced from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of all the then Consolidated Shares and the authorised share capital of the Company would be reduced from HK\$200,000,000 divided into 200,000,000 Consolidated Shares to HK\$2,000,000 divided into 200,000,000 Adjusted Shares;
- (iii) the Reduction of Share Premium Account, being the reduction of the entire amount of HK\$75,416,193.69 as at 31 December 2020 standing to the credit of the share premium account of the Company;
- (iv) the Credit Transfer which will be effected immediately upon the Capital Reduction and the Reduction of Share Premium Account becoming effective and by which (a) the credit arising from the Capital Reduction in the amount equal to the product of the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.99; and (b) the amount arising from Reduction of Share Premium Account will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company; and
- (v) the Capital Increase (to be effected upon the Capital Reduction becoming effective) will involve the increase of the authorised share capital of the Company from HK\$2,000,000 divided into 200,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

In light of the market price of the Shares persistently below the par value for a certain period of time, the Company implements the Capital Reorganisation, which includes, amongst others, the Share Consolidation and the Capital Reduction to resume its capability of conducting equity fund raising in a simple and expedient way.

Full details of the Capital Reorganisation are set out in the circular dated 18 February 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial resources and liquidity

As at 31 December 2020, the cash and bank balances amounted to approximately HK\$18.4 million (2019: HK\$24.8 million) and the net current assets amounted to approximately HK\$38.9 million (2019: HK\$52.3 million). The decrease in cash and bank balances was mainly to finance the operating activities. As at 31 December 2020, the Group had no material capital commitment (2019: Nil).

### Gearing ratio

As at 31 December 2020, the Group maintained a low level of gearing ratio of 2.5% (as defined by total borrowings divided by total equity) (31 December 2019: 2.1%).

### Use of proceeds

At the beginning of the current year, there existed net proceeds of about HK\$16 million brought forward from the issue of new shares made in December 2019. Details of which are set out in the Company's announcements dated 27 November 2019, 19 December 2019 and 10 August 2020 in relation to the placing of 156,900,000 new shares in the share capital of the Company at the placing price of HK\$0.105 per share in December 2019. During the year, such net proceeds were used as below:

<b>Net Proceeds brought forward at the beginning of the year</b>	<b>Intended uses</b>	<b>Actual use during the year ended 31 December 2020</b>	<b>Remaining balance as at 31 December 2020</b>
About HK\$16 million	General working capital and/or potential investments to be identified	Fully utilized as intended, including (i) about HK\$11.7 million for investments; and (ii) the balance as general working capital	Nil

### Property and equipment

As at 31 December 2020, property and equipment amounted to approximately HK\$10.3 million (2019: HK\$11.2 million).

## **Material acquisition and disposal**

During the year, an investment-holding subsidiary was disposed of at the consideration of AUD70,000 (equivalent to HK\$399,000), by reference to the underlying value of the investment being held. Save for that transaction, there was no material acquisition or disposal of subsidiaries by the Group.

## **Share option scheme**

During the year, no share options were granted, exercised, cancelled and lapsed and there are 15,600,000 shares options outstanding as at 31 December 2020 (2019: 15,600,000).

## **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 2020, the Company's total number of issued shares was 942,821,250 (2019: 942,821,250 shares).

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

As at 31 December 2020, the office premises with a carrying amount of HK\$9.9 million (2019: HK\$10.4 million) was pledged for an instalment loan.

## **Human resources**

As at 31 December 2020, the Company had 23 employees (2019: 23). 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 complied with the CG Code and formulated its own policies and procedures regarding the corporate governance practices. During the financial year of 2020, 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 urgent 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 2020 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 2020.

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

During the year ended 31 December 2020, 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 28 June 2021. 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 23 June 2021 to 28 June 2021, 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 22 June 2021.

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

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 2020 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, 26 March 2021

*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.*