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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 2021**

**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 2021, with comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <b>HK\$’000</b>	2020 <i>HK\$’000</i>
Gross proceeds from operations	4	<b>137,280</b>	168,901
Revenue			
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)		<b>472</b>	904
Interest income from financial assets at FVTPL		–	293
Interest income from debt instrument at fair value through other comprehensive income (“FVTOCI”)		<b>13</b>	87
Total revenue		<b>485</b>	1,284

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Net gains/(losses) on financial assets at FVTPL		<b>1,096</b>	(20,157)
Other income	5	<b>1</b>	1,115
Other gains and losses	6	<b>8,938</b>	(93)
Administrative expenses		<b>(18,603)</b>	(24,544)
Other operating expenses		<b>(1,426)</b>	(1,426)
Share of results of associates		<b>(22)</b>	(46)
		<hr/>	<hr/>
<b>Loss from operations</b>		<b>(9,531)</b>	(43,867)
Finance costs		<b>(48)</b>	(61)
		<hr/>	<hr/>
<b>Loss before tax</b>		<b>(9,579)</b>	(43,928)
Income tax expense	7	<b>–</b>	–
		<hr/>	<hr/>
<b>Loss for the year attributable to owners of the Company</b>	8	<b>(9,579)</b>	(43,928)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share attributable to owners of the Company</b>	9		(Restated)
Basic (HK cents)		<b>(7.59)</b>	(39.0)
		<hr/> <hr/>	<hr/> <hr/>
Diluted (HK cents)		<b>(7.59)</b>	(39.0)
		<hr/> <hr/>	<hr/> <hr/>

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

*For the year ended 31 December 2021*

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the year</b>	<u>(9,579)</u>	<u>(43,928)</u>
<b>Other comprehensive income/(loss):</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(1)	27
Fair value gain/(loss) on debt instrument at FVTOCI	1	(74)
Release of FVTOCI reserve upon disposal of debt instrument	<u>25</u>	<u>–</u>
Other comprehensive income/(loss) for the year, net of tax	<u>25</u>	<u>(47)</u>
Total comprehensive loss for the year attributable to owners of the Company	<u><u>(9,554)</u></u>	<u><u>(43,975)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,434	10,282
Debt instrument at FVTOCI	<i>11</i>	–	1,745
Financial assets at FVTPL	<i>12</i>	24,208	33,480
Interests in associates		–	480
		<u>33,642</u>	<u>45,987</u>
<b>Current assets</b>			
Financial assets at FVTPL	<i>12</i>	18,631	26,776
Other receivables, prepayments and deposits		1,921	4,395
Bank and cash balances		35,273	18,379
		<u>55,825</u>	<u>49,550</u>
<b>Total assets</b>		<u><b>89,467</b></u>	<u><b>95,537</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>13</i>	1,414	94,282
Reserves		82,115	(9,395)
<b>Total equity</b>		<u><b>83,529</b></u>	<u><b>84,887</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals		4,287	8,490
Secured bank loan		1,651	2,160
		<u>5,938</u>	<u>10,650</u>
<b>Total equity and liabilities</b>		<u><b>89,467</b></u>	<u><b>95,537</b></u>
<b>Net current assets</b>		<u><b>49,887</b></u>	<u><b>38,900</b></u>
<b>Net assets</b>		<u><b>83,529</b></u>	<u><b>84,887</b></u>
			(Restated)
<b>Net asset value per share (HK\$)</b>	<i>14</i>	<u><b>0.59</b></u>	<u><b>0.90</b></u>

## NOTES

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in these consolidated financial statements.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Application of new and revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting year of the Group.

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior years have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

**(b) New and revised HKFRSs in issue but not yet effective**

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has been concluded that the adoption of them is unlikely to have a significant impact on the 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 financial assets at FVTPL) are located in Hong Kong.

#### 4. GROSS PROCEEDS FROM OPERATIONS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross proceeds from disposal of financial assets at FVTPL	136,795	167,617
Dividend income from financial assets at FVTPL	472	904
Interest income from financial assets at FVTPL	–	293
Interest income from debt instrument at FVTOCI	13	87
	<u>137,280</u>	<u>168,901</u>

#### 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants received ( <i>Note</i> )	–	1,085
Bank interest income	1	30
	<u>1</u>	<u>1,115</u>

*Note:* During the year ended 31 December 2020, the Group recognised government grants of approximately HK\$1,085,000 in respect of COVID-19 related subsidies, of which about HK\$1,026,000 related to Employment Support Scheme provided by the Hong Kong Special Administrative Region Government.

#### 6. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on write-off of property, plant and equipment	–	(26)
Exchange gain	28	53
Impairment loss on intangible asset	–	(120)
Gain on disposal of property, plant and equipment	8,935	–
Derecognition of debt instrument at FVTOCI	(25)	–
	<u>8,938</u>	<u>(93)</u>

#### 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and People's Republic of China Enterprise Income Tax was required since the Group had no estimated assessable profit for both years.

## 8. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company is stated after charging the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditors' remuneration	400	1,500
Depreciation	848	895
Donation	45	51
Impairment loss on intangible asset (included in other gains and losses)	–	120
Brokerage commission expenses ( <i>Note</i> )	319	401
Investment management fees ( <i>Note</i> )	505	560
Custody services fees ( <i>Note</i> )	52	59
	<u>400</u>	<u>1,500</u>

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

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$9,579,000 (2020: HK\$43,928,000) and the weighted average number of ordinary shares of 126,241,050 (2020 (restated): 112,561,313) after adjusting the effect of Share Consolidation on 17 March 2021 and Rights Issue on 9 July 2021.

Basic loss per share for the year ended 31 December 2020 was adjusted retrospectively to reflect the effect of Share Consolidation on 17 March 2021 and Rights Issue on 9 July 2021. Details of the Share Consolidation and Rights Issue are set out in Note 13.

### Diluted loss per share

There were no dilutive potential ordinary shares for the Company's outstanding share options. Diluted loss per share was the same as the basic loss per share for the years ended 31 December 2021 and 2020.

## 10. DIVIDEND

No dividend was paid or proposed by the Company during the year ended 31 December 2021 (2020: Nil), nor has any dividend been proposed since the end of the reporting period.

## 11. DEBT INSTRUMENT AT FVTOCI

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Debt security listed in Hong Kong	–	1,745
	<u>–</u>	<u>1,745</u>

As at 31 December 2020, the maturity date of the listed debt security was beyond one year and was dominated in United States Dollar.

## 12. FINANCIAL ASSETS AT FVTPL

	2021 HK\$'000	2020 HK\$'000
Equity securities listed in Hong Kong, at fair value	<u>42,839</u>	<u>60,256</u>
Analysed as:		
Current assets	18,631	26,776
Non-current assets	<u>24,208</u>	<u>33,480</u>
	<u>42,839</u>	<u>60,256</u>

Fair values of equity securities listed in Hong Kong are primarily based on quoted market prices.

As at 31 December 2021, an amount of HK\$24,208,000 (2020: HK\$33,480,000) was classified as non-current assets as the management of the Group expected that such amount might not be realised within twelve months after the reporting period.

## 13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each '000	Number of ordinary shares of HK\$1 each '000	Number of ordinary shares of HK\$0.01 each '000	Par value HK\$'000
<b>Authorised:</b>				
As at 1 January 2020,				
31 December 2020 and				
1 January 2021	2,000,000	–	–	200,000
Share consolidation ( <i>Note 1(a)</i> )	(2,000,000)	200,000	–	–
Capital reduction ( <i>Note 1(b)</i> )	–	(200,000)	200,000	(198,000)
Capital increase ( <i>Note 1(c)</i> )	–	–	19,800,000	198,000
	<u>–</u>	<u>–</u>	<u>19,800,000</u>	<u>198,000</u>
As at 31 December 2021	<u>–</u>	<u>–</u>	<u>20,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>				
As at 1 January 2020,				
31 December 2020				
and 1 January 2021	942,822	–	–	94,282
Share consolidation ( <i>Note 1(a)</i> )	(942,822)	94,282	–	–
Capital reduction ( <i>Note 1(b)</i> )	–	(94,282)	94,282	(93,339)
Issuance of shares upon Rights				
Issue ( <i>Note 2</i> )	–	–	47,141	471
	<u>–</u>	<u>–</u>	<u>47,141</u>	<u>471</u>
As at 31 December 2021	<u>–</u>	<u>–</u>	<u>141,423</u>	<u>1,414</u>

*Notes:*

1. Pursuant to a special resolution of the Company passed on 15 March 2021, a capital reorganisation was approved with effect from 17 March 2021. Details of the capital reorganisation are set out in the Company's circular dated 18 February 2021 and the Company's announcement dated 15 March 2021. It comprised the following changes to the capital structure:

- (a) **Share consolidation**

Every ten issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company were consolidated into one share of par value of HK\$1.00 each.

- (b) **Capital reduction**

The par value of all the then issued and unissued share capital was 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. The issued and fully paid capital was thus reduced by approximately HK\$93,339,000 represented by the multiplication of approximately 94,282,000 shares and HK\$0.99.

- (c) **Authorised capital increase**

The authorised share capital of the Company was then increased from HK\$2,000,000 divided into 200,000,000 shares of par value of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 shares of par value of HK\$0.01 each.

2. **Issuance of shares upon Rights Issue**

During the year, the Company implemented the rights issue on the basis of one rights share for every two existing shares at the subscription price of HK\$0.2 per rights share (the "Rights Issue"). The Company received net proceeds of approximately HK\$8,196,000 from the Rights Issue and 47,141,062 rights shares were issued.

#### 14. **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 Group's net assets of approximately HK\$83,529,000 (2020: HK\$84,887,000) and approximately 141,423,000 ordinary shares of HK\$0.01 each in issue as at 31 December 2021 (31 December 2020 (restated): 94,282,200 ordinary shares, as adjusted to reflect the Share Consolidation on 17 March 2021).

#### 15. **EVENTS AFTER THE REPORTING PERIOD**

The net losses on financial assets at FVTPL held as at 31 December 2021 to the date of approval at this results announcement amounted to approximately HK\$10,362,000.

## **CHAIRMAN'S STATEMENT**

### **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

### **KEY PERFORMANCE INDICATOR**

Net asset value is a typical key performance indicator for the investment industry. As at 31 December 2021, our net asset value amounted to about HK\$83.5 million and decreased by about HK\$1.4 million. During the year, the Group suffered from a loss of about HK\$9.6 million. The net proceeds from the Rights Issue in the amount of about HK\$8.2 million, however, strengthened the net asset position.

### **INVESTMENT PORTFOLIO COMPOSITION**

As at 31 December 2021, the Group's investment portfolio was about HK\$42.8 million and decreased by HK\$17.4 million as compared to that of prior year. The portfolio comprised a mix of HK-listed equities which were classified as financial assets at fair value through profit or loss. The current and non-current portions of the listed equities portfolio were in the amount of about HK\$18.6 million and HK\$24.2 million, respectively.

### **REVIEW OF OPERATIONS**

#### **Market Review**

According to the Research Paper No. 70: A Review of the Global and Local Securities Markets in 2021 issued by the Securities and Futures Commission in February 2022, major stock indices in the U.S. advanced, with the Dow and Nasdaq rising 26.9% and 21.4% respectively. However, in Hong Kong, the Hang Seng Index and Hang Seng TECH Index underperformed and dropped 14.1% and 32.7% respectively. It was mainly attributed to the corrections in large-cap Mainland technology stocks which were subject to tightened regulatory policies on the Mainland.

In the first quarter of 2021, sustained economic recovery was expected because of the large-scale fiscal stimulus measures, the accelerating rollouts of vaccines and the stabilising pandemic situation. Nevertheless, the inflation concerns caused worries over sooner-than-expected interest rate hikes. The China market also performed well because of the government policies to boost domestic consumption and support for small enterprises. However, investors were still cautious about the tightening measures in the property sector and the policies to contain fluctuations in the commodity prices.

Despite of 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. In February 2021, the Hang Seng Index reached a record high of over 31,000 points following the optimism about economic recovery. But it adjusted downward thereafter as pandemic risks still persisted because of the emergence of new variants of COVID-19 and the resurgence of inflections in certain parts of the world. Furthermore, inflation risks increased and there were expectations of possible shift of monetary policies of major central banks. Thus, rate-sensitive technology stocks underperformed. Uncertainties on the relations between the Mainland China and the U.S. also affected the market sentiment.

In the second half of the year, regulatory risks increased for Mainland companies and there were greater restrictions imposed in various areas by the Chinese regulatory authorities. The Cyberspace Administration of China announced a cybersecurity inspection on certain ride-hailing platforms in early July because the “Measures for Cybersecurity Review” has already been in effect since 2020 aiming to ensure the security of critical information infrastructure and safeguard national security. Around the end of July, China implemented new rules barring after-school for-profit tutoring in core school subjects to ease financial pressures on families.

The sharp spike in policy risk premium kept China Internet stocks volatile in the near future. In the last quarter of the year, market sentiment turned negative because of the following developments.

First, carbon reduction targets and urgent shortage of coal forced many local provincial governments in China to impose widespread power cuts and energy rationing and caused the nation-wide power supply crunch. These power cuts affected the normal operations of factories across China, adding a new threat to PRC’s slowing economy and potentially further snarling global supply chains.

Uncertainties on the Mainland-based property stocks also influenced market sentiment. Default risks in the Chinese property sector had been increasing since the last quarter of the year. Great concerns arose on the credit conditions of Mainland developers with liquidity issues, and there existed default on loan and bond repayments of the heavily indebted property developer China Evergrande which might cause systemic implications to China Evergrande’s business associates/financiers. There have been several recent measures, since early 2022, that could alleviate the challenges faced by the PRC property developers. The debts raised for acquisition of distressed assets of another PRC property developer will be excluded when calculating the three red lines. New rules will be implemented to allow property developers to have easier access to the pre-sale proceeds in the escrow accounts for repaying debt, paying suppliers and financing their operations. Moreover, the People’s Bank of China reduced the 1-year and 5-year Loan Prime Rates by 10bps and 5 bps, respectively. It is generally hoped that the risks could be well managed to avoid a property crisis.

## **Revenue**

The gross proceeds from the disposal of investments decreased from HK\$167.6 million to about HK\$136.8 million because trading activities were significantly reduced since the second quarter of the 2021. During the first half of 2021, trading in the local stock market was active and the Mainland stocks remained the most actively traded. The technology sector had heavy HSI weighting, and accounted for about 33% of total market capitalisation and about 30% of total trading in Hong Kong. However, the technology sector was then negatively affected by the interest rate hike expectations and the regulatory policies on the Mainland; as such the large-cap Mainland technology stocks underperformed which impacted the Hong Kong market. The volatility of technology stocks also increased significantly. Thus, our trading activities on technology stocks had been reduced to mitigate the equity price risk.

For the year ended 31 December 2021, the revenue of the Group of HK\$0.5 million (2020: HK\$1.3 million) primarily comprised dividend income from our equity investments. Such decrease of dividend income was partly caused by the lower dividend payments received therefrom.

## **Loss from operations**

For the year ended 31 December 2021, the loss from operations decreased from HK\$43.9 million to about HK\$9.5 million, thanks to the HK\$8.9 million gain on disposal of fixed assets (2020: Nil). Moreover, the net fair value loss on our equity portfolio of about HK\$20.2 million in prior year, turned to a net fair value gain of HK\$1.1 million for the current financial year.

Administrative expenses were reduced from about HK\$24.5 million to HK\$18.6 million. The decrease was mainly attributed to the cost control measures taken during the year and the resulting drop in salaries expenses. Other operating expenses mainly comprised of the investment management fee to the Investment Manager of about HK\$505,000 (2020: HK\$560,000) and finance costs represented the mortgage interest on the office premise.

## **Interests in associates**

In the current year, the Group disposed its entire equity interest in CII Capital Limited (“CII Capital”) at a consideration HK\$458,000 to its existing majority shareholder and there was no material gain or loss arisen on the disposal. CII Capital had not yet commenced business prior to the above disposal and such disposal could reduce the administrative costs incurred. After the above disposal, the interests in associates representing our interests in the 30% shareholdings of Superb Kingdom Limited and its subsidiaries had no carrying value at the reporting date.

## **Prospects**

The geopolitical tensions between Russia and Ukraine have heightened since February 2022. The sharp escalation of the Russia-Ukraine conflict has driven significant spike in oil prices and market volatility. The military tensions and the latest sanctions announced by the US and EU against Russia have raised investor concerns about the economic and market implications. The profound geopolitical and strategic implications of the Russia-Ukraine conflict may bring broader impact on inflation, central bank policy and global growth outlook. Russia 's invasion of Ukraine has also fueled a risk-off market sentiment globally, and it has impacted the global capital markets and commodity markets. The conflict between Russia and Ukraine has significant ramifications for the world economy, including exacerbating already high inflation.

In Hong Kong, the fifth wave of COVID-19 pandemic had seen unprecedented rise in infection cases. The health facilities were overloaded by the spread of Omicron variant of Covid-19 infections. Hong Kong authorities have adhered to Mainland China's policy of stamping out the smallest outbreak with mass quarantine, widespread tracking, and prolonged social distancing measures since the start of the pandemic. This also affected much the investor sentiment.

The global economy seems to move from the post-pandemic recovery to the mid-cycle phase. However, inflation uncertainty and the high expectation of interest rate hike remain in focus and investment in fixed income securities will not be preferred in such environment. Chinese Premier Li Keqiang announced a 2022 GDP growth target of around 5.5%. To achieve this target, China is expected to roll out more accommodative fiscal and monetary policies with support for technology upgrade, advanced manufacturing, SMEs and green transformation, and consumption recovery. China's growth model is also expected to shift from property construction towards technology upgrade and green investments. These could be the investment themes in near future.

The Russia-Ukraine conflict is driving significant turbulence across global financial markets with investor concerned about elevated geopolitical risks and negative impacts from the global energy supply shock. Pandemic risks increased amidst the emergence of new and infectious COVID-19 variants such as Omicron. Renewed lockdown measures and travel restrictions have raised worries about the path of economic recovery. In view of the market uncertainties, we will adopt a more conservative approach and maintain a higher cash level to preserve the liquidity. During the financial year 2021, the Company completed the capital consolidation and reorganisation, to streamline the capital structure. This could allow us to have greater flexibility in equity fund-raising if necessary. The disposal of fixed assets with net proceeds of about HK\$8.9 million in the financial year 2021 could also further strengthen our financial position.

In view of the market volatility in the stock markets, we will also consider the thematic investing which focuses on predicted long-term trends and could enable investor to access structural or paradigm shifts. Environmental, social and governance is one of such key themes for investors, which include climate change, resource scarcity, and demographic and social change. In particular, investments in sustainable agriculture, green food, and biotech, driven through new technological breakthrough are anticipated to generate good returns. During the financial year 2021, we signed two memorandum of understandings for investment opportunities in biotech and live e-commerce marketing platform businesses. Both of them lapsed as the due diligence reviews have not been completed satisfactorily. We would cautiously consider and study opportunities in details as appropriate.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial resources and liquidity**

As at 31 December 2021, the bank and cash balances amounted to approximately HK\$35.3 million (2020: HK\$18.4 million) and the net current assets amounted to approximately HK\$49.9 million (2020: HK\$38.9 million). The increase in bank and cash balances was mainly attributed to the realization of certain listed equities and the proceeds from disposal of fixed assets. As at 31 December 2021, the Group had no material capital commitment (2020: Nil).

### **Gearing ratio**

As at 31 December 2021, the Group maintained a low level of gearing ratio of 2.0% (as defined by total borrowings divided by total equity) (2020: 2.5%).

## Use of proceeds

During the year, the actual net proceeds raised from the Rights Issue was approximately HK\$8.2 million. As at 31 December 2021, the Group has fully utilised the net proceeds as follows:

<b>Net Proceeds from Rights Issue</b>	<b>Intended uses of net proceeds as stated in the Prospectus dated 16 June 2021</b>	<b>Actual use of net proceeds during the year ended 31 December 2021</b>	<b>Remaining balance as at 31 December 2021</b>
Approximately HK\$8.2 million	<p>(a) Approximately 50% for possible investments in listed bonds, listed equities and/or various private equity investments to be identified including investment in (i) a medical diagnostic company and (ii) a live e-commerce marketing platform company; and</p> <p>(b) Approximately 50% for general working capital including general administrative expenses of the Group which mainly comprise of employee benefits expense</p>	Fully utilised as intended, including (i) about HK\$4.2 million for investment in listed equities; and (ii) the balance as general administrative expenses of the Group which mainly comprised employee benefits expense	Nil

### **Property, plant and equipment**

As at 31 December 2021, property, plant and equipment amounted to approximately HK\$9.4 million (2020: HK\$10.3 million).

### **Events after the reporting period**

The net losses on financial assets at fair value through profit or loss held as at 31 December 2021 to the date of approval at this results announcement amounted to approximately HK\$10,362,000.

### **Material acquisition and disposal**

During the year, certain fixed assets (mainly related to a yacht) were disposed of and a gain of about HK\$8.9 million was recorded. Moreover, the entire interest in an associate company was disposed of. Save for the above, there was no material acquisition or disposal of subsidiaries by the Group.

### **Exposure to foreign exchange**

The investment portfolio primarily comprises listed equities in Hong Kong stock market, and other funds were usually maintained in the banks. Majority of them were denominated in Hong Kong dollars. The Board considered the Group had no significant exposure to foreign exchange fluctuation as at the balance sheet date.

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

As at 31 December 2021, the office premises with a carrying amount of about HK\$9.3 million (2020: HK\$9.9 million) was pledged for an instalment loan.

### **Capital structure**

To facilitate equity fund raising activities, the Company changed its capital structure in March 2021 and increase its capital base in July 2021, through a rights issue. As at 31 December 2021, the authorised share capital of the Company was HK\$200,000,000 divided into 20,000,000,000 shares at par value of HK\$0.01 each while the number of issued and fully paid ordinary shares was 141,423,187 at par value of HK\$0.01 each.

### **Capital Reorganisation**

Details of the Capital Reorganisation were set out in the announcement dated 29 January 2021, circular dated 18 February 2021 and announcement dated 15 March 2021, respectively.

### **Rights Issue**

To increase the capital base, the Company implemented the Rights Issue on the basis of one Rights Share for every two existing shares at the subscription price of HK\$0.2 per Rights Share. Details of the Rights Issue are set out in the announcement dated 20 May 2021, prospectus dated 16 June 2021 and announcement dated 9 July 2021, respectively.

## Share Option Scheme

- (i) Details of the adjustments to the exercise prices and numbers of the outstanding share options upon the completion of the above Capital Reorganisation in March 2021 were set out in the announcement dated 15 March 2021, and the key particulars are set out as follows:

<b>Date of grant</b>	<b>Before the completion of the Capital Reorganisation</b>		<b>After the completion of the Capital Reorganisation</b>	
	<b>Number of outstanding Share Options</b>	<b>Exercise price per Share</b>	<b>Adjusted number of Share Options</b>	<b>Adjusted exercise price per Share</b>
29 November 2018	7,800,000	HK\$0.241	780,000	HK\$2.41
16 September 2019	<u>7,800,000</u>	HK\$0.137	<u>780,000</u>	HK\$1.37
	<u><u>15,600,000</u></u>		<u><u>1,560,000</u></u>	

- (ii) Details of the adjustments to the exercise prices and numbers of the outstanding share options upon the completion of the above Rights Issue in July 2021 were set out in the announcement dated 9 July 2021, and the key particulars are set out as follows:

<b>Date of grant</b>	<b>Before the completion of the Rights Issue</b>		<b>After the completion of the Rights Issue</b>	
	<b>Number of outstanding Share Options</b>	<b>Exercise price per Share</b>	<b>Adjusted number of Share Options</b>	<b>Adjusted exercise price per Share</b>
29 November 2018	780,000	HK\$2.41	921,064	HK\$2.0409
16 September 2019	<u>780,000</u>	HK\$1.37	<u>921,064</u>	HK\$1.1601
	<u><u>1,560,000</u></u>		<u><u>1,842,128</u></u>	

During the year, 956,490 share options lapsed and no share options were granted, exercised and cancelled. There were 885,638 shares options outstanding as at 31 December 2021.

## **Human resources**

As at 31 December 2021, the Company had 21 employees (2020: 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 shareholders 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 2021, the Company complied with all of the provisions under the CG Code except for the following:

### **1. Code provision A.4.1**

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

### **2. 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, agenda and related board papers have not been sent, in full, in 3 days in advance to certain meetings of the Board or Board Committee. The Company Secretary continues to use 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 2021 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 2021.

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

The Company has not purchased, sold or redeemed any of its own shares during the year ended 31 December 2021.

#### **REVIEW OF FINANCIAL INFORMATION**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

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

The AGM of the Company will be held on 27 June 2022. 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 22 June 2022 to 27 June 2022, 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 21 June 2022.

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

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.irasia.com/listedco/hk/cii810>). The Company's Annual Report for the year ended 31 December 2021 will be dispatched to the shareholders 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, 21 March 2022

*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.*