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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 INTERIM RESULTS
FOR THE PERIOD ENDED 30 JUNE 2017

RESULTS

The Board of Directors (the “Board”) of China Internet Investment Finance Holdings Limited (“the Company”) announced the unaudited interim result of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017, with comparative figures for the corresponding periods in 2016. These condensed consolidated interim financial statements have not been audited, but have been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants and, by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Gross proceeds from operations	4	42,106	40,582
Revenue	4	2,040	2,211
Net fair value change on financial assets at fair value through profit or loss		(11,062)	(20,723)
Other income		2	13
Other gains or losses		387	(504)
Administrative expenses		(14,250)	(15,940)
Other operating expenses		(578)	(590)

		Six months ended 30 June	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss from operations		(23,461)	(35,533)
Finance costs		(142)	(205)
Share of results of associates		(304)	(1,522)
		<hr/>	<hr/>
Loss before income tax		(23,907)	(37,260)
Income tax expense	6	—	—
		<hr/>	<hr/>
Loss for the period	5	(23,907)	(37,260)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to owners of the Company		(23,907)	(37,260)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company (HK cents)			
– Basic and diluted	7	(4.49)	(10.11)
		<hr/> <hr/>	<hr/> <hr/>

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

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	<u>(23,907)</u>	<u>(37,260)</u>
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Change in fair values of available-for-sale financial assets	1,118	856
Release of available-for-sale fair value reserve upon disposal	<u>(743)</u>	<u>—</u>
Other comprehensive income for the period	<u>375</u>	<u>856</u>
Total comprehensive loss for the period	<u><u>(23,532)</u></u>	<u><u>(36,404)</u></u>
Total comprehensive loss for the period attributable to owners of the Company	<u><u>(23,532)</u></u>	<u><u>(36,404)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		20,160	24,013
Intangible asset		120	120
Available-for-sale financial assets		33,175	57,043
Interest in associates		840	1,620
		54,295	82,796
Current assets			
Available-for-sale financial assets		—	4,636
Financial assets at fair value through profit or loss		122,758	121,265
Other receivables, prepayments and deposits		1,995	2,395
Cash and bank balances		36,973	7,042
		161,726	135,338
Total assets		216,021	218,134
EQUITY			
Equity attributable to the owners of the Company			
Share capital	8	54,595	45,496
Reserves		148,892	158,521
		203,487	204,017
Total equity		203,487	204,017

	As at 30 June <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
LIABILITIES		
Current liabilities		
Other payables and accruals	4,399	4,086
Secured bank loan	3,841	4,070
Obligation under a finance lease	3,420	3,361
	<u>11,660</u>	<u>11,517</u>
Non-current liability		
Obligation under a finance lease	874	2,600
	<u>12,534</u>	<u>14,117</u>
Total liabilities	<u>12,534</u>	<u>14,117</u>
Total equity and liabilities	<u>216,021</u>	<u>218,134</u>
Net current assets	<u>150,066</u>	<u>123,821</u>
Total assets less current liabilities	<u>204,361</u>	<u>206,617</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the disclosure requirements of the Hong Kong Companies Ordinance.

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

2. PRINCIPAL ACCOUNTING POLICIES AND DISCLOSURES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are carried at fair values, as appropriate.

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statement, but the application may have impact on disclosures in the consolidated financial statements for the year ending 31 December 2017.

3. SEGMENT INFORMATION

The Group’s principal activity is investment in equity and debt instruments. For management purposes, the Group’s business activity is organized into one single segment, investment holding. For the purpose of resources allocation and assessment of performance, the management regularly review and manage the Group’s investment portfolio which includes financial assets at fair value through profit or loss and available-for sales financial assets. Information regularly provided to the management mainly includes fair value of respective investees and the investment income, no further discrete financial information was provided. The Group’s financial assets and other investments holdings are managed and evaluated on a portfolio basis. Therefore, no segment information is presented.

The Group’s segment result by geographical areas are not presented for the period ended 30 June 2017 as significant transactions are mainly based in Hong Kong.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Gross proceeds from operations represent investment income of the Group and the gross proceeds from the disposal of equity securities. Details of the Group's gross proceeds from operations are presented as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gross proceeds from disposal of listed equity securities	40,066	38,371
Dividend income from listed equity securities	938	1,351
Interest income from listed debt securities	998	860
Interest income from unlisted investment in equity linked notes	104	—
	<u>42,106</u>	<u>40,582</u>

Revenue represents dividend income and interest income. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend income from listed equity securities	938	1,351
Interest income from listed debt securities	998	860
Interest income from unlisted investment in equity linked notes	104	—
	<u>2,040</u>	<u>2,211</u>

5. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging (crediting):

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	3,987	3,979
Bank interest income	(2)	(13)
Minimum lease payment under operating leases: Property rental	12	42
Staff costs: Employee benefit expenses: Directors' emoluments	1,242	1,655
Salaries and allowances	6,063	6,125
Mandatory provident fund contributions	139	146
	<u>7,444</u>	<u>7,926</u>

6. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for the six months ended 30 June 2017 (2016: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$23,907,000 (six months ended 30 June 2016: loss of approximately HK\$37,260,000) and the weighted average number of ordinary shares of 532,880,863 ordinary shares (six months ended 30 June 2016: 368,417,778 ordinary shares).

As at 30 June 2017, the outstanding share options of the Company were 15,100,000 (30 June 2016: 8,060,000) and their effect was anti-dilutive.

8. SHARE CAPITAL

	Number of ordinary shares (in thousand) (Unaudited)	Nominal value of ordinary shares HK\$'000 (Unaudited)
Authorised:		
At 1 January 2016 (unaudited), 31 December 2016 (audited), 1 January 2017 and 30 June 2017 (unaudited) at HK\$0.10 each	2,000,000	200,000
Issued and fully paid:		
At 1 January 2016	315,989	31,599
Placement of new shares (Note a)	63,192	6,319
Placement of new shares (Note b)	75,780	7,578
At 31 December 2016 (audited) and 1 January 2017	454,961	45,496
Placement of new shares (Note c)	90,990	9,099
At 30 June 2017 (unaudited)	545,951	54,595

Notes:

- a. In February 2016, the Company issued a total of 63,192,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.30 each.
- b. In July 2016, the Company issued a total of 75,780,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.35 each.
- c. In January 2017, the Company issued a total of 90,990,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.26 each.

9. NET ASSETS VALUE PER SHARE

The calculation of net assets value per share is based on the net assets of approximately HK\$203,487,000 (31 December 2016: HK\$204,017,000) and 545,951,000 (31 December 2016: 454,962,000) ordinary shares in issue as at 30 June 2017. The net assets value per share as at 30 June 2017 is HK\$0.373 (31 December 2016: HK\$0.448).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2017 (2016: Nil).

KEY PERFORMANCE INDICATOR

The net asset value of the Group is its key performance indicator and, as at 30 June 2017, it was stated to be about HK\$203.5 million (31 December 2016: HK\$204.0 million). The loss for the period of about HK\$23.9 million was partly mitigated by the increase in the Company's equity through a share placement during the period. The net asset value per share was HK\$0.373, which was calculated on the above net assets value and 545,951,250 ordinary shares of HK\$0.10 each in issue as at 30 June 2017.

FINANCIAL REVIEW

INVESTMENT PORTFOLIO REVIEW

Listed equity securities and listed debt securities

During the period, the Group's listed investment portfolio decreased from HK\$182.9 million to HK\$151.1 million, representing a decrease of about 17.4%, and it primarily comprised investment in listed equity and debt securities. The total amount of listed equity securities which were classified as financial assets through profit or loss amounted to HK\$118.0 million (31 December 2016: HK\$121.3 million). As at 30 June 2017, investments in listed debt securities of about HK\$33.2 million (31 December 2016: HK\$61.7 million) which were not held for trading were classified as available-for-sale financial assets.

Unlisted Investments

Equity linked notes

During the period, the Company invested in two equity-linked structured instruments in the aggregate nominal amount of about HK\$5 million. These instruments, subject to knock-out and a maximum tenor of 9 months were linked to a basket of three Hong Kong blue-chip stocks respectively. Both of them offer interest at the rate of approximately 0.6% per month. Regarding the conversion to equity, the exercise price was set at about 15% discount to the initial spot price of the worst performing stock in the basket. Although these derivative instruments will be held for the whole term, they are classified as financial assets at fair value through profit or loss. During the period, the interest income and the mark to model loss were about HK\$0.1 million and about HK\$0.2 million respectively.

Investment in associates

It originally represents the 30% equity interest in a Hong Kong Company, Superb Kingdom Limited (“SKL”). Because of its unsatisfactory financial performance in prior year, SKL implemented the following cooperation with the brand owner of SEGULA, which has been used by SKL for the sales of its LED lighting products. In May 2017, SKL and the Company’s subsidiary, namely, Ample Gain Investment Limited (“AGIL”), entered into shareholders agreements with Segula Asia Limited, a Hong Kong company controlled by the owner of the SEGULA brand. By these shareholders agreements, SKL and Segula Asia Limited indirectly holds 64.3% and 25% of the equity interest and AGIL directly holds 10.7% equity interest of Segula International Limited (the new operating HK company), which in turn holds the entire equity interest of Segula (Macau) Limited (such subsidiaries together with SKL collectively known as SKL Group). Our effective interests in all these new operating subsidiaries of SKL remain about 30%, albeit about 19.3% being indirectly held.

In view of the competitive business environment of SKL, the above cooperation can combine efforts for marketing to explore further sales to its existing and prospective customers. Moreover, Segula Asia Limited lends its support to the new operating companies by allowing them to use the trademark of SEGULA brand in the promotion, advertisement and sale of the products until December 2022 without obligations to pay any royalties. This arrangement can be further extended to December 2037 if the new operating company can obtain a listing before December 2022.

In particular, Segula (Macau) Limited can directly deal with the ultimate customers for the sales of LED lighting products and will provide related subcontracting services in Macau. The SKL Group should be benefited from the above cooperation in the long run because it becomes the exclusive seller of SEGULA brand in Asia and the use of SEGULA brand will be royalty free. As at 30 June 2017, the interest in associates was stated to be about HK\$0.8 million, after taking into account of the above changes and the movement for the period.

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

The outstanding convertible note receivables amounted to about RMB15 million, and the convertible note was previously arranged in 2012 and overdue since 2014. The Group anticipates difficulties in recovering such long outstanding amount because of the departure of all relevant management staff who had personal knowledge of and responsible for handling the CN including its initiation and issuance. Notwithstanding these factors, the management continues to take below recovery actions.

Master Glory Holdings Limited, a subsidiary of the Company, had taken company winding up proceedings in the High Court of Hong Kong against Ascent Glory Holdings Limited which is the CN issuer and Grand Success Business Limited, the CN corporate guarantor. Both petitions will be heard by the end of August 2017 in which, subject to further questions that may be raised by the court, the court may grant the winding up orders on both companies. Regarding the recovery actions against the individual guarantor, the process of discovery has also commenced.

REVIEW OF OPERATIONS

Gross proceeds from operations

For the period ended 30 June 2017, the gross proceeds from operations were about HK\$42.1 million (2016: HK\$40.6 million), representing an increase of about 3.8% as compared to the corresponding period of last year.

Revenue

For the period ended 30 June 2017, the revenue of the Group was HK\$2.0 million (2016: HK\$2.2 million), comprising of dividend income from listed equity securities of about HK\$0.9 million (2016: HK\$1.3 million) and listed debts securities interest income of about HK\$1.0 million (2016: HK\$0.9 million) and interest income from unlisted investment in equity linked note of about HK\$0.1 million (2016: Nil).

Loss from operations

During the first half 2017, the Hang Seng Index (HSI) and the Hang Seng China Enterprises Index rose 17.1% and 10.3% respectively, but the GEM Board Index dropped 26.5%.

According to “Research Paper No. 61: Half-yearly review of the Global and Local Securities Markets” issued by the Securities Futures Commission on 28 July 2017, Hong Kong stock market outperformed after a year of relatively mild increase compared to the gains in other major markets in 2016. The HSI rose for six months in a row, touching the highest level in almost two years at one point. The market was lifted by expectations of funds inflows through Southbound trading of Stock Connect. Rate hikes in the U.S. were largely expected and had a limited impact because the Fed had reassured markets of a gradual tightening.

In early 2017, the local market advanced. Economic growth in China as well as the upbeat performance of financial and tech stocks picked up the pace. Investor sentiment was boosted by hopes of pro-growth initiatives and possible tax cuts by the new U.S. President. Rate increases in the U.S. have been anticipated. Expectations over funds inflows through Southbound trading under Stock Connect also lifted the market. Despite downgrades of the credit ratings of the Mainland and Hong Kong by Moody’s in May, the local market extended gains. Sentiment was further improved by the MSCI’s decision to include A-shares in the MSCI Emerging Markets Index in June. Nevertheless, H-shares underperformed as declining commodity prices dragged down related stocks. In addition, worries lingered over the Mainland’s

deleveraging measures and regulatory tightening. Trading in the local stock market increased. During the first half of 2017, the average daily turnover amounted to HK\$76 billion, 15% higher than the HK\$66.3 billion in the second half of 2016.

For the 6 months period ended 30 June 2017, the Company suffered a loss from operations of approximately HK\$23.9 million (2016: HK\$37.3 million). It was mainly attributable to the fluctuations in the net fair value change of about HK\$10.9 million of which our equity investments in GEM Board shares suffered a fair value loss of about HK\$16.5 million while the Main Board shares portfolio generated a fair value gain of HK\$5.6 million.

The administrative expenses decreased to HK\$14.3 million (2016: HK\$15.9 million), mainly caused by the absence of share-based payment in the current period (2016: about HK\$1.3 million). The expenses mainly comprised employment benefit expenses of about HK\$7.4 million (2016: HK\$7.9 million) and depreciation charge of fixed assets of about HK\$4.0 million (2016: HK\$4.0 million). The other gains of about HK\$0.4 million (2016: other loss of HK\$0.5 million) was mainly attributable to the realised gain on disposal of certain listed debt securities denominated in United States dollars of about HK\$0.7 million (2016: Nil).

Share of results of associates

As mentioned in the annual report of FY2016, the relationship between SKL and its major customer was terminated. Additional costs were incurred for installation services rendered to ensure a smooth handover from the above previous customer to the existing customers. Consequently, the increased costs also caused a loss of the associates. The share of loss of associates was about HK\$0.8 million, together with an impairment loss of goodwill of about HK\$0.5 million.

PROSPECTS

Market Outlook

After a strong run in the first half of 2017, investors have turned cautious on the global equity market valuation. Coupled with concerns of the impact from balance sheet reduction of the Federal Reserve and some other central banks' potential tightening bias, risky assets are expected to face selling pressure in the second half of 2017. Market focus remains on U.S. fiscal and monetary policy direction. The year-to-date weakness on U.S. dollars has also helped to drive global fund flows to emerging market assets. Many emerging stock markets have already surged about 15% to 25%. Given the stock market situation, the Group, together with Investment Manager, will adopt a balanced and cautious approach for our investments in listed equities and debt securities.

U.S. technology shares have been the best performing sector for the year to date, and they also exhibit significant volatility. The future inclusion of A-shares in the MSCI Emerging Markets Index will also benefit A-share and H-share markets in the long run. In addition, financial de-leveraging measures in China have been seen to be effective; thus, the pressure for further tightening has been lessened.

Market attention has also turned to the recent gradual rate hike outlook and Federal Reserve balance sheet tightening. The U.S. long term yield is expected to range bound in the second half of 2017. The Company has also shifted a portion of the fixed income portfolio to higher yield bonds and invested in certain perpetual bonds.

Subsequent to the balance sheet date, Segula (Macau) Limited entered into an electricity and mechanical (E&M) contract with a subcontractor in the net amount of about MOP22 million when excluding the material supplies from the subcontractor. This contract mainly covers the work on the installation of air-conditioning equipment and lightings to a new mall of Sands Cotai Central. Segula (Macau) Limited has also subcontracted out to an experienced E&M installation company. In this connection, in July 2017, Ample Gain Investment Limited granted a short-term loan of about MOP2.5 million to SKL and the loan is expected to be repayable in early 2018.

Way Forward

The Group continues to seek potential investment opportunities in unlisted companies. As mentioned in the announcement of the Company dated 3 August 2016, a letter of intent was entered into for the possible investment in a PRC company to explore the PRC fund management and investment opportunities and was subsequently extended. The Company had also set aside about HK\$20 million for such possible investment in the second quarter of 2017. Unfortunately, it could not reach a final stage and the letter of intent lapsed in early August 2017. During the period, the Group has also set up its wholly-owned investment company in Qianhai, the PRC, for private equity investments in China. To further increase the flexibility in investing in different regions, the Group will study the feasibility of setting up of various types of investment vehicle to explore pre-IPO investment opportunities in the A-share market and other Asian markets.

The global and Hong Kong stock markets still performed well and the HSI increased for the month of July. Leading Internet stocks have also reached historical high share price level. The Company together with the Investment Manager will monitor the market closely and hope to take timely actions as appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 30 June 2017, the cash and bank balances amounted to approximately HK\$37.0 million (31 December 2016: HK\$7.0 million) and the net current assets amounted to approximately HK\$150.1 million (31 December 2016: HK\$123.8 million).

As at 30 June 2017, the Group had no capital commitment (31 December 2016: Nil).

Gearing ratio

As at 30 June 2017, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 4.0% (31 December 2016: 5.0%) and the ratio was maintained steadily.

Property, plant and equipment

As of 30 June 2017, the Group's property, plant and equipment amounted to approximately HK\$20.2 million (31 December 2016: HK\$24.0 million).

Material acquisition and disposal

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

Share option scheme

During the period, 450,000 share options were lapsed and no share options had been granted, exercised and cancelled. There are 15,100,000 shares options outstanding at 30 June 2017.

Exposure to foreign exchange

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

Capital structure

In January 2017, the Company issued a total of 90,990,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.26 each, by way of a share placement. The net proceeds of about HK\$23 million were used for some investments in listed equity and debt securities.

As at 30 June 2017, the Company's total number of issued shares was 545,951,250 (31 December 2016: 454,962,250 shares).

Pledge of the group's assets

As at 30 June 2017, the office premises with a carrying amount of HK\$11.7 million (31 December 2016: HK\$12.0 million) was pledged for a mortgaged loan and the Group's obligation under a finance lease was secured by the Group's title to the leased assets, which had carrying amount of approximately HK\$6.2 million (31 December 2016: HK\$8.9 million).

Human resources

As at 30 June 2017, the Company has 27 employees (31 December 2016: 27), and all of them were in Hong Kong. Total staff cost and directors' remuneration paid for the period was approximately HK\$7.4 million (2016: approximately HK\$7.9 million). The remuneration packages for the employees and the directors are in line with the prevailing market practice and are determined on the basis of performance and experience of each individual.

CORPORATE GOVERNANCE 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 period ended 30 June 2017, the Company complied with all of the provisions under the CG Code except for the following:

Code A.4.1

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

Code A.7.1

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

Due to the practical reasons, an agenda and accompanying board papers have not been sent, in full, in 3 days in advance to certain meetings of the Board or Board Committee. 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 comprises three independent non-executive Directors, namely Mr. Tam Yuk Sang, Sammy, Dr. Ng Chi Yeung, Simon and Ms. Florence Ng, with written terms of reference in compliance with the code provision C.3.3 of the Code as set out in the Appendix 14 of the Listing Rules. Mr. Tam Yuk Sang, Sammy is the chairman of the audit committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed financial reporting matters, including a review and approval of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017, which has also been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The Board established a Remuneration Committee in 2005 primarily to review and make recommendations to the Board on matters relating to the remuneration of the Directors and the senior management of the Company. 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.

The Remuneration Committee has adopted terms of reference which are in line with the CG Code to review the remuneration policy and remuneration packages of the Executive Directors.

NOMINATION COMMITTEE

The Nomination Committee ("Committee") was established in 2012. Currently, the Committee 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 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 period ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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, 24 August 2017

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.