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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)

CONTINUING CONNECTED TRANSACTION APPOINTMENT OF NEW INVESTMENT MANAGER

Reference is made to the announcement of the Company dated 6 November 2020 in relation to the termination of the Old Investment Management Agreement with Silverstone with effect from 6 December 2020.

The Company has entered into the New Investment Management Agreement with Success Advance on 21 January 2021 to appoint Success Advance as the Company's new investment manager for an initial term of two years commencing from 25 January 2021 up to 24 January 2023 (both days inclusive).

LISTING RULES IMPLICATION

Success Advance will be a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules upon the New Investment Management Agreement becoming effective.

The maximum annual aggregate amount of the management fee and related expenses to be paid by the Company to Success Advance pursuant to the New Investment Management Agreement is less than HK\$3,000,000 and 5% in respect of each of the applicable percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules. The transaction contemplated under the New Investment Management Agreement is therefore fully exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

APPOINTMENT OF NEW INVESTMENT MANAGER

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Date

21 January 2021

Parties

- (1) the Company; and
- (2) Success Advance

Principal terms of the New Investment Management Agreement

Pursuant to the New Investment Management Agreement, Success Advance has been appointed as the investment manager of the Company for an initial term of two years commencing from 25 January 2021 up to 24 January 2023 (both days inclusive). Upon expiry of the initial term and with effect from 25 January 2023, and as of each subsequent anniversary date thereof (each an “**Automatic Renewal Date**”), the term of the New Investment Management Agreement shall be extended automatically for a further term of one year each unless and until either party shall notify the other party of its intention not to extend the New Investment Management Agreement by serving a written notice on the other party at least 90 days prior to the relevant Automatic Renewal Date.

The appointment of Success Advance as the new investment manager of the Company will be governed by the terms and conditions of the New Investment Management Agreement.

Fees pursuant to the New Investment Management Agreement

Pursuant to the New Investment Management Agreement, the Company shall pay to Success Advance an investment management fee of HK\$45,000 per month with effect from 25 January 2021. Further, pursuant to the New Investment Management Agreement, the Company shall reimburse Success Advance for all out-of-pocket expenses properly incurred in the proper performance of its duties under the New Investment Management Agreement. If the amount of such out-of-pocket expenses will exceed HK\$30,000 per annum, Success Advance shall obtain prior written approval from the Board.

It is expected that the aggregate annual amount of management fees and related expenses to be paid by the Company for each of the financial years ending 31 December 2021, 2022 and 2023 during the initial term of the New Investment Management Agreement will not exceed HK\$533,000, HK\$570,000 and HK\$37,000, respectively.

The management fee payable by the Company under the New Investment Management Agreement was agreed after arm's length negotiations between the Company and Success Advance and was determined with reference to (i) the prevailing market rates charged by investment managers of other investment companies listed on the Stock Exchange based on information available to the Company; (ii) the duties and responsibilities of Success Advance under the New Investment Management Agreement; and (iii) the fees payable by the Company under the Old Investment Management Agreement. To the best knowledge of the Company, the management fee and the related expenses payable to Success Advance are comparable to other independent third parties in the market and in this regard, the Board (including the independent non-executive Directors) considers that the management fee and the related expenses payable under the New Investment Management Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Duties of Success Advance

Pursuant to the New Investment Management Agreement, Success Advance shall, among others:

- (A) identify, review and evaluate investment and disinvestments opportunities for the Company and negotiate the best terms of such investment and disinvestment for the Company;
- (B) advise the Board on the merits of investment opportunities or information relevant to the making of judgments about the merits of investment opportunities and to render investment advice to the Board based upon such information as may reasonably be available to it and, in particular, assist the Board in structuring acquisitions and disposals;
- (C) provide the Board with such information as may reasonably be available to it on opportunities to acquire or to dispose of investments of which Success Advance becomes aware and which in the opinion of Success Advance are or may be suitable for the Company;
- (D) execute all lawful investment and disinvestments decisions of the Company with due care, skill and diligence in accordance with the instructions of the Board and the terms of the New Investment Management Agreement;
- (E) monitor and keep under review the performance and status of the assets of the Company from time to time, based on information as may reasonably be available to it, and to provide the Board with any assistance in relation to the Company's investment as it may require;

- (F) subject to the exercise of the power of the Board to suspend the calculation of the Net Asset Value, work with the Company, if so required, to calculate the net asset value of the Company in accordance with the Bye-laws and with any valuation method adopted by the Board as at each valuation date and provide the calculation on request to the Board and the Shareholders;
- (G) assess whether it is reasonable to make provision for future expenses and/or any possible diminution in value of investment out of the net amount derived from interest, dividends and other income received by the Company after meeting expenses, and consider the amount of cash required for future investment of the Company;
- (H) provide the Board, the auditors of the Company, the company secretary of the Company or such other person as authorised by the Board, from time to time with such information as may be in the possession or control of Success Advance as may reasonably be required for the keeping of such accounts, books, records and statements as may be required by applicable law and regulations (including without limitation the Listing Rules) for the proper conduct of the affairs of the Company; and
- (I) act in accordance with all reasonable instructions given and authorities delegated to it from time to time by the Board and to keep the Board fully informed as to the discharge of its powers and duties hereunder.

Notwithstanding the foregoing, from time to time the Board may give Success Advance directions in writing relating to the conduct of the business of the Company to be carried out by it on behalf of the Company and Success Advance shall exercise its powers and duties thereunder subject to and in accordance with such directions.

The Board shall retain overall control over the investment policies of the Company and may at its sole discretion resolve and decide on whether to approve any of the proposals submitted by Success Advance.

REASONS FOR ENTERING INTO THE NEW INVESTMENT MANAGEMENT AGREEMENT

With reference to the Company's announcement dated 6 November 2020, Silverstone ceased serving as the Company's investment manager with effect from 6 December 2020. As informed by Silverstone, the reason for the termination is that Silverstone is required to cease carrying on any regulated activity for which it is licensed pursuant to section 146(1) of the SFO.

In order to fill the vacancy and enhance cost and operational efficiency, the Company decided to appoint Success Advance as its new investment manager to provide investment management services with effect from 25 January 2021.

Under the New Investment Management Agreement, the annual management fee payable by the Company to Success Advance is HK\$540,000, which represents a discount of 10% to the annual management fee paid under the Old Investment Management Agreement.

The Company believes that Success Advance has the competitive advantage to act as the investment manager of the Company and to make available investment opportunities and research on underlying investments in listed and unlisted equities in Hong Kong and the PRC as required by the Company's investment objectives and is capable of providing professional investment services to the Company.

Given its expertise, experience in securities market and proven track record, the Directors believe that Success Advance will be able to contribute towards the Company's business development and direction, and to provide professional investment services to the Company. The Directors also consider that the investment experience of Success Advance goes in line with the investment strategies of the Company and are of the view that its expertise will be beneficial to the Company and its shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the New Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the New Investment Management Agreement (including the annual cap amount) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board would like to take this opportunity to express its sincere gratitude to Silverstone for their contributions to the Company during their tenure as the Company's investment manager and also express its warmest welcome to Success Advance in relation to its appointment as the investment manager of the Company.

BACKGROUND OF SUCCESS ADVANCE

Based on the information provided by Success Advance, Success Advance was incorporated in Hong Kong as a private company limited by shares in February 2016 and is a regulated entity licensed to carry on Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO. Success Advance's major business is to provide investment advisory services and to manage portfolios for professional and institutional investors (mainly in Greater China and Hong Kong).

Currently, there are two responsible officers, namely, Mr. Lee Wang Ho ("**Mr. Samson Lee**") and Mr. Lee Kwok Leung ("**Mr. Alan Lee**"), who is the executive director of the Company, a responsible officer of the former investment manager of the Company (i.e. Silverstone) and the father of Mr. Samson Lee. Mr. Alan Lee will also act as an investment officer of Success Advance.

Mr. Samson Lee will be primarily responsible for providing investment advisory and management services of Success Advance, with Mr. Alan Lee as the overall in charge of the management of Success Advance.

The background and experience of Mr. Alan Lee and Mr. Samson Lee are set out as follows:

Mr. Alan Lee

Mr. Alan Lee has been the executive Director of the Company since May 2014. Mr. Alan Lee has over 40 years of experience in the banking and finance industry and specifically over 20 years of experience in asset management for professional and institutional investors, and has extensive experience in portfolio construction, portfolio management, risk assessment and investment due-diligence. Mr. Alan Lee has been a responsible officer of Silverstone since August 2004. As Silverstone is required to cease to carry on any regulated activity for which it is licensed according to section 146(1) of the SFO with effect from 6 December 2020, Mr. Alan Lee has ceased to act as the responsible officer of Silverstone accordingly. He has been appointed as a responsible officer of Success Advance for its Type 9 (Asset Management) regulated activities under the SFO and as a licenced representative of Success Advance for its Type 4 (Advising on Securities) regulated activities under the SFO with effect from 14 January 2021.

Mr. Lee was a managing director of BOCI Direct Management Limited from 1992 to 1999 and was responsible for the overall management of the private equity fund.

Mr. Samson Lee

Mr. Samson Lee has more than 7 years of experience in professional management of investments on behalf of third party investors and providing advisory services to professional/institutional investors. He joined Success Advance in 2017 as its executive director and a responsible officer. Mr. Samson Lee is a licensed responsible officer of Success Advance for its Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO. Mr. Samson Lee has provided investment advisory and portfolio construction and management services to clients of high-net-worth-individuals and professional investors through his roles with Success Advance.

Prior to joining Success Advance, Mr. Samson Lee had been employed by Silverstone during the period from 2013 to 2016 as investment director. During that period, Mr. Samson Lee was primarily responsible for portfolio and project management, portfolio and project review, analysis and evaluation, and investment due diligence for two listed investment companies, namely Earnest Investments Holdings Limited (stock code: 339) and the Company.

Mr. Samson Lee graduated from the Royal Melbourne Institute of Technology with a Bachelor of Design degree in Multimedia Systems in 2010 and from the City University of Hong Kong with a Master of Science degree in Multimedia and Information Technology in 2015. He is a member of the Hong Kong Securities and Investment Institute.

Mr. Samson Lee is the son of Mr. Alan Lee, the executive director of the Company.

LISTING RULES IMPLICATION

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Since Mr. Alan Lee is a responsible officer of Success Advance and is the father of Mr. Samson Lee who is another responsible officer of Success Advance, Mr. Alan Lee is considered to be interested in the New Investment Management Agreement and the transaction contemplated thereunder and has abstained from voting on the relevant resolutions of the Board for approving the New Investment Management Agreement and the transaction contemplated thereunder. Saved as disclosed above, no other Director is considered to have a material interest in the New Investment Management Agreement and is required to abstain from voting on the related resolutions of the Board.

INFORMATION ON THE COMPANY

The Company is an investment company and is principally engaged in investing in listed and unlisted companies in Greater China and any other countries as the Board may direct from time to time.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of directors of the Company
“Bye-laws”	the bye-laws of the Company in force from time to time
“Company”	China Internet Investment Finance Holdings Limited, an exempted company continued into Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Greater China”	the PRC, Hong Kong and Macau
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Investment Management Agreement”	the investment management agreement dated 21 January 2021 entered into between the Company and Success Advance in relation to the appointment of Success Advance as the investment manager of the Company
“Old Investment Management Agreement”	the investment management agreement dated 1 June 2015 entered into between the Company and Silverstone in relation to the appointment of Silverstone as the investment manager of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company

“Silverstone”	Silverstone Investments Limited (formerly known as Success Talent Investments Limited), a company incorporated in Hong Kong with limited liability.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Advance”	Success Advance Investments Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 9 (Asset Management) and Type 4 (Advising on Securities) regulated activities under the SFO

By Order of the Board
China Internet Investment Finance Holdings Limited
Lam Man Chan
Chairman

Hong Kong, 21 January 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.