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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 SIX MONTHS ENDED 30 JUNE 2019**

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 2019, with comparative figures for the corresponding periods in 2018. 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, the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Gross proceeds from operations	4	<u>17,736</u>	<u>26,428</u>
Revenue			
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)		1,504	1,190
Interest income from debt instruments at fair value through other comprehensive income (“FVTOCI”)		<u>172</u>	<u>853</u>
Total revenue		1,676	2,043

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Net fair value change on financial assets at FVTPL	5	(1,427)	(3,360)
Other income		89	77
Other gain or loss	6	(468)	125
Administrative expenses		(13,310)	(15,511)
Other operating expenses		(591)	(585)
		<hr/>	<hr/>
Loss from operations		(14,031)	(17,211)
Finance costs		(40)	(77)
		<hr/>	<hr/>
Loss before income tax		(14,071)	(17,288)
Income tax expense	8	—	—
		<hr/>	<hr/>
Loss for the period	7	(14,071)	(17,288)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to owners of the Company		(14,071)	(17,288)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to owners of the Company			
— Basic and diluted (HK cents)	9	(2.04)	(2.93)
		<hr/> <hr/>	<hr/> <hr/>

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

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(14,071)</u>	<u>(17,288)</u>
Other comprehensive income (expense) for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of a foreign operation	(32)	(10)
Fair value gain (loss) on:		
Debt instruments measured at FVTOCI	164	(2,215)
Release of FVTOCI reserve upon disposal of debt instruments at FVTOCI	<u>544</u>	<u>—</u>
Other comprehensive income (expense) for the period	<u>676</u>	<u>(2,225)</u>
Total comprehensive expense for the period	<u><u>(13,395)</u></u>	<u><u>(19,513)</u></u>
Total comprehensive expense for the period attributable to owners of the Company	<u><u>(13,395)</u></u>	<u><u>(19,513)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment		11,694	11,555
Intangible asset		120	120
Debt instruments at FVTOCI	10	1,730	11,066
Financial assets at FVTPL	11	66,393	50,284
Interests in associates	12	262	—
Deposits paid for acquisition of property and equipment		—	300
		<u>80,199</u>	<u>73,325</u>
Current assets			
Financial assets at FVTPL	11	53,868	44,582
Other receivables, prepayments and deposits		2,794	3,233
Cash and bank balances		21,901	30,941
		<u>78,563</u>	<u>78,756</u>
Total assets		<u><u>158,762</u></u>	<u><u>152,081</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	78,592	65,512
Reserves		69,756	76,529
Total equity		<u>148,348</u>	<u>142,041</u>
LIABILITIES			
Current liabilities			
Accruals		7,515	6,902
Secured bank loan		2,899	3,138
		<u>10,414</u>	<u>10,040</u>
Total equity and liabilities		<u><u>158,762</u></u>	<u><u>152,081</u></u>
Net current assets		<u><u>68,149</u></u>	<u><u>68,716</u></u>
Total assets less current liabilities		<u><u>148,348</u></u>	<u><u>142,041</u></u>
Net asset value per share	14	<u><u>0.19</u></u>	<u><u>0.22</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the disclosure requirements of 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 on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

Change in the Group’s interest in an existing subsidiary

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

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

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

Because of the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “*Determining whether an Arrangement contains a Lease*”, the Group has elected not to apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

As a lessee

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

3. SEGMENT INFORMATION

The Group's principal activity is investment in equity and debt instruments. The Group's business activity is organised into one single segment, investment holding. For the purpose of resources allocation and assessment of performance, the management regularly reviews and manages the Group's investment portfolio, including debt instruments at FVTOCI and financial assets at FVTPL. Information regularly provided to the management mainly includes fair value of respective investees and the investment income, and no further discrete financial information was provided. The Group's financial assets and other investments holdings are managed and evaluated on a portfolio basis for listed securities and on an investment-by-investment basis for unlisted investments. Therefore, no segment information is presented other than entity-wide disclosures.

The Group's revenue is mainly generated from the operations in Hong Kong.

The Group's non-current assets (excluding debt instruments at FVTOCI, financial assets at FVTPL and interests in associates) are mainly located in Hong Kong.

4. GROSS PROCEEDS FROM OPERATIONS

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gross proceeds from disposal of financial assets at FVTPL	16,060	24,385
Dividend income from financial assets at FVTPL	1,504	1,190
Interest income from debt instruments at FVTOCI	172	853
	<u>17,736</u>	<u>26,428</u>

5. NET FAIR VALUE CHANGE ON FINANCIAL ASSETS AT FVTPL

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fair value change on listed equity securities	(3,093)	(3,360)
Fair value change on listed perpetual securities	266	—
Fair value change on unlisted equity investment	2,700	—
Fair value change on derivatives of an unlisted equity investment	(1,300)	—
	<u>(1,427)</u>	<u>(3,360)</u>

6. OTHER GAIN OR LOSS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Exchange gain	76	125
Loss on disposal of debt instruments at FVTOCI	(544)	—
	<u>(468)</u>	<u>125</u>

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The loss for the period is arrived at after charging (crediting) the following items:		
Depreciation of property and equipment	595	3,456
Bank interest income	(89)	(4)
Minimum lease payment under operating leases:		
Property rental	—	102
Staff costs:		
Employee benefits expense:		
Directors' emoluments	1,515	1,332
Salaries and allowances	6,478	6,678
Mandatory provident fund contributions	176	145
	<u>8,169</u>	<u>8,155</u>

8. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

9. 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\$14,071,000 (six months ended 30 June 2018: loss of approximately HK\$17,288,000) and the weighted average number of ordinary shares of 688,363,000 ordinary shares (six months ended 30 June 2018: 589,378,000 ordinary shares).

The Company had 15,100,000 (30 June 2018: 15,100,000) outstanding share options as at 30 June 2019. The computation of diluted loss per share for both periods did not assume the exercise of share options because the exercise prices of those options were higher than the average market price for shares in that periods.

10. DEBT INSTRUMENTS AT FVTOCI

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Listed debt securities		
— Hong Kong	1,730	8,327
— Outside Hong Kong	—	2,739
	<u>1,730</u>	<u>11,066</u>

11. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Listed equity securities		
— Hong Kong	97,750	72,623
— Australia	192	261
Listed perpetual securities	3,119	4,182
Unlisted equity investment	18,400	15,700
Derivative of an unlisted equity investment	800	2,100
	<u>120,261</u>	<u>94,866</u>
Analysed for reporting purposes as:		
Current assets	53,868	44,582
Non-current assets	66,393	50,284
	<u>120,261</u>	<u>94,866</u>

Fair values of listed equity and perpetual securities in Hong Kong are primarily based on their quoted bid prices in active markets, while that in Australia is primarily based on the Group's own assumptions about the market exit value.

Fair values of the unlisted equity investment and derivatives of an unlisted equity investment are determined using a valuation technique that is classified as Level 3 in the fair value hierarchy. Details of the unlisted equity investment and the derivatives are set out on pages 130 to 131 of the 2018 annual report.

12. INTERESTS IN ASSOCIATES

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Unlisted equity shares, at cost	9,000	9,000
Recognition upon deemed disposal of a subsidiary	262	—
Share of post-acquisition losses and other comprehensive income, net of dividends received	(4,530)	(4,530)
Impairment loss	(4,470)	(4,470)
	<u>262</u>	<u>—</u>

13. SHARE CAPITAL

	Number of ordinary shares (in thousand) (Unaudited)	Nominal value of ordinary shares <i>HK\$'000</i> (Unaudited)
Authorised:		
As at 1 January 2018, 31 December 2018 (audited), 1 January 2019 and 30 June 2019 (unaudited) at HK\$0.10 each	2,000,000	200,000
Issued and fully paid:		
As at 1 January 2018	545,952	54,595
Placement of new shares (<i>note a</i>)	109,170	10,917
As at 31 December 2018 (audited) and 1 January 2019	655,122	65,512
Placement of new shares (<i>note b</i>)	130,800	13,080
As at 30 June 2019 (unaudited)	<u>785,922</u>	<u>78,592</u>

Notes:

- a. In April 2018, the Company issued a total of 109,170,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.135 each. Further details were mainly set out in the announcement dated 20 April 2018.
- b. In May 2019, the Company issued a total of 130,800,000 ordinary shares with par value of HK\$0.10 each at a price of HK\$0.155 each. Further details were mainly set out in the announcement dated 15 May 2019.

14. NET ASSET VALUE PER SHARE

The calculation of net asset value per share as at the reporting date is based on the net assets of approximately HK\$148,348,000 (31 December 2018: HK\$142,041,000) and 785,922,000 (31 December 2018: 655,122,000) ordinary shares of HK\$0.10 each in issue as at 30 June 2019. The net asset value per share as at 30 June 2019 is HK\$0.19 (31 December 2018: HK\$0.22).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

KEY PERFORMANCE INDICATOR

As the key performance indicator, as at 30 June 2019, net asset value increased to about HK\$148.3 million (31 December 2018: HK\$142.0 million) and this was mainly attributable to a share placement of the Company's equity of about HK\$19.7 million. However, the loss from operations of about HK\$14.1 million for the period has an offsetting effect thereon. The net asset value per share was HK\$0.19 (31 December 2018: HK\$0.22).

INVESTMENT PORTFOLIO REVIEW

As at the reporting date, the total investment of the Group amounted to about HK\$122.0 million (31 December 2018: about HK\$105.9 million), which comprised investment in a listed debt instrument at FVTOCI, of about HK\$1.7 million (31 December 2018: about HK\$11.1 million), investments in listed equity securities at FVTPL, of about HK\$98.0 million (31 December 2018: about HK\$72.9 million), investment in a listed perpetual security at FVTPL, of about HK\$3.1 million (31 December 2018: about HK\$4.1 million) and an unlisted equity investment and its derivatives at FVTPL of about HK\$19.2 million (31 December 2018: about HK\$17.8 million).

The Group had shifted certain investments in listed debt instruments to listed equities aiming to generate a higher investment return during the period.

Debt instruments at fair value through other comprehensive income ("FVTOCI")

As at the reporting date, the debt instruments at FVTOCI amounted to HK\$1.7 million (31 December 2018: HK\$11.1 million) and were classified as non-current assets. During the period, debt instruments were sold in the amount of about HK\$9.3 million.

Financial assets at fair value through profit or loss ("FVTPL")

The financial assets included three components. The first component is listed equities of about HK\$98.0 million (31 December 2018: HK\$72.9 million), of which about HK\$53.1 million (31 December 2018: HK\$44.6 million) were classified as current portion. The second component is an unlisted investment in 14% equity interest in China Oriented International Holdings Limited ("China Oriented") and its derivatives of about HK\$19.2 million (31 December 2018: HK\$17.8 million) was included. Lastly, it comprised investment in listed perpetual securities of HK\$3.1 million (31 December 2018: HK\$4.1 million).

PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP

Particulars of ten major investments held by the Group as at 30 June 2019, in terms of carrying value of the respective investments, are set out as follows:

Name of equity securities	Percentage of equity interest held		Invested amount HK\$000	Carrying amount		Dividend received HK\$000
	Notes	%		As at 30 June 2019 HK\$000	As at 31 December 2018 HK\$000	
Financial assets at FVTPL						
Unlisted equity investment						
China Oriented	1	14.00	12,700	18,400	15,700	—
Listed equity securities						
Miji International Holdings Limited ("Miji International", stock code 1715.HK)	2	1.63	18,040	20,470	—	—
HSBC Holdings plc ("HSBC", stock code 0005.HK)	3	0.00	13,770	11,664	11,664	296
Lamtex Holdings Limited ("Lamtex Holdings" stock code 1041.HK)	4	2.66	14,856	10,456	—	—
S.A.I. Leisure Group Company Limited ("S.A.I. Leisure", stock code 1832.HK)	5	0.78	9,997	9,376	—	—
Tencent Holdings Limited ("Tencent Holdings", stock code 0700.HK)	6	0.00	4,032	8,815	7,850	26
Newtree Group Holdings Limited ("Newtree Group", stock code 1323.HK)	7	0.30	3,162	4,001	13,436	—
Jete Power Holdings Limited ("Jete Power", stock code 8133.HK)	8	2.80	25,676	3,626	4,214	—
Sa Sa International Holdings Limited ("Sa Sa International", stock code 0178.HK)	9	0.05	4,842	3,584	4,736	—
AIA Group Limited ("AIA Group", stock code 1299.HK)	10	0.00	2,215	3,370	5,850	38

These significant investments are held for achieving capital appreciation or generating interest or dividend income. The Group primarily adopts a buy-and-hold strategy together with short term trading tactics for listed equity securities. To meet our investment objective, listed securities are managed and regularly reviewed on a portfolio basis while unlisted investments are reviewed on an investment-by-investment basis.

Regarding these significant investments, their performance, material factors underlying the results and financial position, significant events, if any, and their future prospects can be found in their announcements made available in the website of HKEX. For easy references, the below information is extracted and provided.

Notes:

1. China Oriented

- a. China Oriented and its subsidiaries are principally engaged in the provision of driving training services in the People's Republic of China ("the PRC"). For the year ended 31 December 2018, the audited consolidated profit attributable to the owners of China Oriented was approximately RMB21.3 million and its audited consolidated equity attributable to the owners of China Oriented was approximately RMB88.0 million.
- b. China Oriented has submitted its listing application at the main board of Hong Kong Stock Exchange since November 2018, and is in the process of application.
- c. Further details of this pre-IPO investment were set out on pages 130 to 131 of the 2018 annual report.

2. Miji International

- a. Miji International and its subsidiaries are principally mainly engaged in the development, manufacturing and selling of kitchen appliances in the PRC. For the six months ended 30 June 2019, the unaudited consolidated profit attributable to the owners of Miji International was approximately RMB9.1 million and its unaudited consolidated equity attributable to the owners of Miji International was approximately RMB180.2 million.
- b. As reported in its latest interim results announcement, Miji International's revenue decreased to about RMB111.7 million, down 19.1% compared to last corresponding period and its consolidated profit attributable to the owner of Miji International increased to about RMB9.1 million, up 47.5% compared to last corresponding period.
- c. The share price of Miji International at the end of June rose to HK\$0.46, as compared to the average purchase cost of about HK\$0.405 per share.
- d. According to its latest annual report, its own-brand products are targeted at the middle-class and upper-tier customers in the PRC and the domestic consumption in China is expected to grow in the coming years.
- e. However, given uncertainty arising from trade war between United States and China, we will closely monitor the performance of Miji International.

3. HSBC

- a. HSBC and its subsidiaries are principally engaged in the provision of international banking and financial services. For the six months ended 30 June 2019, the unaudited consolidated profit attributable to the owners of HSBC was approximately US\$8.5 billion and its unaudited consolidated equity attributable to the owners of HSBC was approximately US\$192.7 billion.
- b. The share price of HSBC at the end of June stood at HK\$64.8 (31 December 2018: HK\$64.8).
- c. In the latest interim report, HSBC pointed out that the market outlook has changed and they would manage its operating expenses for the deteriorating revenue outlook.

- d. Soon after the announcement of its interim result, both of their respective chief executives of the group and greater China division left in August 2019. Their sudden departure has affected the investors sentiment.
- e. Given the uncertainty of Britain's departure from the European Union and the change in top management, we will closely monitor the performance of HSBC.

4. Lamtex Holdings

- a. Lamtex Holdings and its subsidiaries are principally engaged in securities trading and investment, loan financing service, securities brokerage and provision of securities margin finance, property investment, hotel operation and trading and manufacturing of electronic products business. For the six months ended 30 June 2019, the unaudited consolidated loss attributable to the owners of Lamtex Holdings was approximately HK\$24.4 million and its unaudited consolidated equity attributable to the owners of Lamtex Holdings was approximately HK\$597.3 million.
- b. The share price of Lamtex Holdings at the end of June dropped to HK\$0.222, as compared to our average purchase cost of about HK\$0.315 per share.
- c. Lamtex Holdings recently decided to dispose its loan financing business, because of the tightened regulatory environment of loan financing industry caused by the recent unstable relationship between the United States and China and keen competition of loan financing business in Hong Kong. A convertible bond would also be issued to raise about HK\$80.9 million. The proceeds and funds raised from the above two transactions will be used for their proposed investment in a new PRC fund mainly for the cultural tourism and medical health care sectors.
- d. Given the above corporate developments, we will closely monitor the performance and the share price risk of Lamtex Holdings.

5. S.A.I. Leisure

- a. S.A.I. Leisure and its subsidiaries own hotels and are principally engaged in hotel operations in Guam and Saipan, retail of luxury accessories in Guam, Saipan and Hawaii and provision of destination services in Saipan. For the six months ended 30 June 2019, the unaudited consolidated profit attributable to the owners of S.A.I. Leisure decreased from about US\$7.1 million to about US\$5.5 million and its unaudited consolidated equity attributable to the owners of S.A.I. Leisure was approximately US\$97.6 million.
- b. The share price of S.A.I. Leisure at the end of June 2019 slightly dropped to HK\$3.32, when compared to the subscription price of HK\$3.54. Subsequent to the reporting date, its share price nosedived and had once hit the lowest level since IPO of about HK\$1.7 partly because of the negative market sentiment towards tourism business. Thus, we decided to dispose of the investments thereon.

6. Tencent Holdings

- a. Tencent Holdings and its subsidiaries are principally engaged in the provision of internet and mobile value-added services, online advertising services and eCommerce transactions services to users in the PRC. For the six months ended 30 June 2019, the unaudited consolidated profit attributable to the owners of Tencent Holdings was approximately RMB51,346 million and its unaudited consolidated equity attributable to the owners of Tencent Holdings was approximately RMB386,456 million.
- b. According to its latest interim results, its revenue and operating profit increased by 18.4% and 22.4% respectively, as compared to last corresponding period. The increase was primarily driven by the growth in business of online game, online advertising and FinTech and business service.
- c. The share price of Tencent at the end of June 2019 rose to HK\$352.6, up about 12.3% when compared to the closing price of HK\$314.0 as at 31 December 2018.
- d. Tencent Holdings would also invest in core infrastructure and frontier technologies to embrace the trend of the Industrial Internet and, continue to drive the evolution of the consumer internet business.

7. Newtree Group

- a. Newtree Group and its subsidiaries is a conglomerate business. For the year ended 31 March 2019, the audited consolidated loss attributable to the owners of Newtree Group was approximately HK\$15.5 million and its audited consolidated equity attributable to the owners of Newtree Group was approximately HK\$395.2 million.
- b. In the latest annual report of Newtree Group, the revenue from continuing operations maintained at similar level. Its net profit attributable to the owners of Newtree Group showed a great improvement, mainly driven by the significant return from its money lending business.
- c. The share price of Newtree Group at the end of June 2019 slightly rose to HK\$0.54 (31 December 2018: HK\$0.53).
- d. We will continue to closely monitor the performance of Newtree Group.

8. Jete Power

- a. Jete Power and its subsidiaries are principally engaged in manufacturing and sales of cast metal products in the PRC. For the six months ended 30 June 2019, the unaudited consolidated loss attributable to the owners of Jete Power was approximately HK\$4.1 million and its unaudited consolidated equity attributable to the owners of Jete Power was approximately HK\$34.4 million.
- b. According to the latest interim report, Jete Power's revenue increased about 21% to approximately HK\$33.7 million as compared with the corresponding period.
- c. The share price of Jete Power at the end of June 2019 dropped to HK\$0.037, down about 14% when compared to the closing price of HK\$0.043 as at 31 December 2018.
- d. As stated in its latest interim report, Jete Power explored other potential investment opportunities to create new source of revenue. Recently, they announced the consideration of a potential investment in a financial printing company in Hong Kong.

- e. Given the above corporate developments, we will continue to closely monitor the performance and the share price risk of Jete Power.

9. Sa Sa International

- a. Sa Sa International and its subsidiaries are principally engaged in the retailing and wholesaling of cosmetic products. For the year ended 31 March 2019, the audited consolidated profit attributable to the owners of Sa Sa International was approximately HK\$470.8 million and its audited consolidated equity attributable to the owners of Sa Sa International was approximately HK\$2,486.6 million.
- b. The share price of Sa Sa International at the end of June dropped to HK\$2.24, down 24.3% when compared to the closing price of HK\$2.96 as at 31 December 2018.
- c. Despite of the moderate rise in annual turnover in last financial year, Sa Sa International announced that its recent sales had been adversely affected by the general decline in the retail market in Hong Kong. They reported that they would adjust its product portfolio and expedite the roll-out of new and trendy products to adapt to changing consumer preferences.
- d. Our management is cautious about the performance of Sa Sa International because the retail market in Hong Kong has been adversely affected by the recent political turmoil. We will closely monitor the performance and the share price risk of Sa Sa International.

10. AIA Group

- a. AIA Group and its subsidiaries are principally engaged in the writing of life insurance business, providing life insurance, annuities, accident and health insurance and saving plans throughout Asia and distributing related investment and other financial services to its customers. For the six months ended 30 June 2019, the unaudited consolidated profit attributable to the owners of AIA Group's was approximately US\$3,864 million and its unaudited consolidated equity attributable to the owners of AIA Group was approximately US\$49,878 million.
- b. AIA Group reported in its latest interim results announcement that they delivered double-digit growth across their main financial metrics. Its value of new business increased by 20% when compared to last corresponding period. It reflects the positive impact from their continuing effort on adding high-quality new business to their portfolio.
- c. The share price of AIA Group at the end of June 2019 rose to HK\$84.25, up 29.6% when compared to its closing price of HK\$65 as at 31 December 2018.
- d. AIA Group is a Hang Seng Index constituent stock with leading position in the insurance industry. With the opening-up of the PRC financial market to foreign investors and the growing demand of insurance products in Mainland market, it is optimistic that its performance could outperform the market in the future.

REVIEW OF OPERATIONS

For the six months ended 30 June 2019, the Group recorded investment income and gross proceeds from disposal of financial assets at FVTPL of about HK\$17.7 million (2018: HK\$26.4 million), representing a decrease of about 33.0% as compared to the corresponding period of last year. The drop was partly explained by the change in the overall trading turnover in Hong Kong stock market.

Revenue

During the period, the revenue of the Group decreased slightly to HK\$1.7 million (2018: HK\$2.0 million), comprising of dividend income from listed equity securities of HK\$1.3 million and from listed perpetual securities of HK\$0.2 million, total of HK\$1.5 million (2018: HK\$1.2 million) and interest income from listed debt instruments at FVTOCI of about HK\$0.2 million (2018: HK\$0.9 million). The drop in interest income from listed debt instruments portfolio was mainly caused by the reduced investment in listed debt instruments during the period.

Loss from operations

After the rebound in the first four months in 2019, the investor sentiment has reversed suddenly since May 2019, because of the trade tensions between Mainland and the US and the growing concern on slowing global economic growth. In the first half of 2019, the average stock trading turnover in Hong Kong decreased about 9% when compared to the first half of 2018.

During the period ended 30 June 2019, the Group's loss from operations amounted to HK\$14.1 million (2018: HK\$17.3 million). The reduction in loss was mainly attributable to net fair value gain on our unlisted equity investment and its derivatives in China Oriented of about HK\$1.4 million (2018: Nil) and , as a result, the total fair value loss on financial assets at FVTPL decreased to about HK\$1.4 million (2018: HK\$3.4 million). In addition, the depreciation expenses had decreased by about HK\$2.9 million.

Other income mainly represented bank interest income of HK\$89,000 (2018: HK\$77,000). The other income in last corresponding period represented a bank interest income of HK\$4,000 and a loan interest income of about HK\$73,000 generated from a loan to an associated company.

The other loss of about HK\$468,000 (2018: other gain of HK\$125,000) was mainly attributable to the loss on disposal of listed debt instruments at FVTOCI of about HK\$544,000 which were released from the FVTOCI reserve upon disposal of such debt instruments.

The administrative expenses decreased to HK\$13.3 million (2018: HK\$15.5 million) mainly attributable to the drop in depreciation expenses for the current period after certain equipment was fully depreciated in previous period. The administrative expenses mainly comprised of employment benefit and other staff expenses of about HK\$8.2 million (2018: HK\$8.2 million) and depreciation of property and equipment of about HK\$0.6 million (2018: HK\$3.5 million).

Interests in associates

The above represent our interests in the 30% shareholding of Superb Kingdom Limited (“SKL”) and its subsidiaries which include our direct and indirect interest therein and the 29% shareholding of CII Capital Limited (“CII Capital”). Regarding CII Capital, this money-lending subsidiary issued new shares to an investor and our equity interest was reduced to 29% shareholding, becoming an associate company of the Group.

There is no carrying amount of investment in SKL because full impairment was made before. SKL has conducted and completed certain LED lighting installation projects in Hong Kong striving to improve its financial performance in the future. CII Capital remained inactive during the period.

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

We have commenced recovery actions on the above receivables since 2014 and subsequently petitioned for winding up of CN Issuers and the CN corporate guarantor. Liquidators were appointed in 2017 who recently advised us of the completion of the winding up proceedings and refunded the remaining statutory deposits to our lawyers. There was also no recovery of any company assets from the above proceedings. The Group’s lawyers will continue to consider cost-effective measures to recover the outstanding CN receivables from the relevant parties.

PROSPECTS

Since May 2019, the trade tensions between China and United States have revived again and United States started to impose additional tariffs on imports from China.

Starting from June 2019, the social unrest caused by the Hong Kong anti-extradition bill protests began. These have affected Hong Kong’s reputation as an international financial center and the local economy. The gross domestic product of Hong Kong has declined since June 2019. The investment environment and the stock market would become rather volatile.

The Shanghai Sci-tech Innovation Board, was officially opened in late July 2019. All of the first 25 listed companies were related to technology sectors. The objectives of such board is to ease the capital-raising difficulties for small-cap technology companies and to

promote corporate innovation. It provides a venue for raising capital, especially for the start-up companies, because the listing requirements about revenue and profitability are substantially relaxed.

The Group continued to look for pre-IPO investments with good potential, especially in biotech and fintech sectors. However, the recent political turmoil in Hong Kong have resulted in a plunge in the number of successful initial public offerings. We will pay heed to this market situation and will cautiously review all of the potential private equities investment opportunities.

Regarding the listed equity securities portfolio, the Group continued to adopt the buy-and-hold strategy but will employ short-term trading tactics in a way to capture the possible market opportunities because of the expected increase in market volatility.

Going forward, there are two imminent major concerns of general investors. Firstly, the revival of US-China trade war is an external shock causing great uncertainty and market volatility. Secondly, the recent political turmoil in Hong Kong with extended and escalated protests has adversely affected the local economy and investor sentiment. The current market environment is nerve-racking for investors because there is much political news-flow, on an almost daily basis. Thus, we would attempt to monitor the possible tail risks too.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 30 June 2019, the cash and bank balances amounted to approximately HK\$21.9 million (31 December 2018: HK\$30.9 million) and the net current assets amounted to approximately HK\$68.1 million (31 December 2018: HK\$68.7 million). The drop in cash and bank balances was primarily attributable to the increase in investments in listed equity securities portfolio. However, the drop was partly mitigated by the proceeds from the disposal of listed debt securities and a new share placement during the 6 months period.

As at 30 June 2019, the Group had no capital commitment (31 December 2018: Nil).

Gearing ratio

As at 30 June 2019, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 2.0% (31 December 2018: 2.2%) and the ratio was maintained steadily.

Property and equipment

As at 30 June 2019, property and equipment amounted to approximately HK\$11,694,000 (31 December 2018: HK\$11,555,000). During the six months ended 30 June 2019, the capital expenditure for acquisition of property and equipment was approximately HK\$760,000 (six months ended 30 June 2018: HK\$159,000).

Material acquisition and disposal

During the period, except for the deemed disposal of CII Capital, there were no significant acquisitions on disposals of principal subsidiaries.

Share option scheme

During the period, no share options had been granted, exercised, cancelled and lapsed and there are 15,100,000 shares options outstanding as at 30 June 2019.

Exposure to foreign exchange

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

Capital structure

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, by way of a share placement. The net proceeds of about HK\$19.7 million will be used for the general working capital of the Group and for potential investments to be identified.

As at 30 June 2019, the Company's total number of issued shares was about 785,922,000 (31 December 2018: about 655,122,000 shares).

Pledge of the group's assets

As at 30 June 2019, the office premises with a carrying amount of HK\$10.7 million (31 December 2018: HK\$10.9 million) was pledged for an instalment loan was pledged for a mortgage loan.

Human resources

As at 30 June 2019, the Company has 31 employees (31 December 2018: 32). The remuneration packages for the employees and the directors are in line with the prevailing market practice and are determined on the basis of performance and experience.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and implementing a high standard of corporate governance and recognises that good governance can help the business to deliver its strategies, generate shareholder value and meet its obligations towards shareholder and other stakeholders. The Company has established a governance structure, and embeds governance and principles in the business to ensure accountability, fairness, integrity and transparency.

The Board adheres to corporate governance practices by adopting and complying with the established rules, codes, guidelines under the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules. The Company has followed the CG Code and formulated its own policies and procedures regarding the corporate governance practices. During the six months ended 30 June 2019, 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. The Company Secretary continues to use its best endeavour 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 of the Company was established with its written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit 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 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 2019, 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 Remuneration Committee of the Company was established 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 Directors.

NOMINATION COMMITTEE

The Nomination Committee 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 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 six months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim 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 Interim Report for the six months ended 30 June 2019 will be despatched 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

Date: Hong Kong, 30 August 2019

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.