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CHINA FINANCIAL INTERNATIONAL INVESTMENTS LIMITED

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The board (the “Board”) of directors (the “Director”) of China Financial International Investments Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2020 (the “Year”) together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue	4	21,613	68,845
Other income	6	5,419	26,379
Fair value loss on financial assets at fair value through profit or loss (“FVTPL”)		(148,952)	(209,271)
Impairment loss on debt instruments at fair value through other comprehensive income (“FVTOCI”)		(55,471)	(161,824)
Gain on release of financial assets at FVTOCI reserve upon disposal		5,490	–
Impairment loss on other receivables		(15,968)	(16,037)
Administrative expenses		(27,235)	(31,850)
Share of (loss) profit of an associate		(41)	125
Finance costs	7	(3,355)	(3,150)
Loss before tax		(218,500)	(326,783)
Income tax expense	8	–	(780)
Loss for the year	9	(218,500)	(327,563)

	<i>NOTE</i>	2020 HK\$'000	2019 HK\$'000
Other comprehensive (expense) income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at FVTOCI		<u>(34,415)</u>	<u>(44,969)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instruments at FVTOCI:			
Fair value loss		(55,471)	(156,334)
Adjustment for expected credit loss included in profit or loss		55,471	161,824
Release on disposal of debt instruments at FVTOCI		<u>(5,490)</u>	<u>–</u>
		<u>(5,490)</u>	<u>5,490</u>
Exchange difference arising on translation of foreign operations		<u>(10,584)</u>	<u>(5,246)</u>
		<u>(16,074)</u>	<u>244</u>
Other comprehensive expense for the year		<u>(50,489)</u>	<u>(44,725)</u>
Total comprehensive expense for the year		<u><u>(268,989)</u></u>	<u><u>(372,288)</u></u>
Loss for the year attributable to owners of the Company		<u><u>(218,500)</u></u>	<u><u>(327,563)</u></u>
Total comprehensive expense for the year attributable to owners of the Company		<u><u>(268,989)</u></u>	<u><u>(372,288)</u></u>
LOSS PER SHARE			
Basic (<i>HK cents</i>)	<i>11</i>	<u><u>(1.991)</u></u>	<u><u>(2.986)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	89	491
Right-of-use assets	3,390	–
Interest in an associate	1,112	1,153
Financial assets at FVTPL	635,796	313,408
Equity instruments at FVTOCI	62,043	96,458
Deposits	306	197
	<u>702,736</u>	<u>411,707</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	27,287	201,364
Financial assets at FVTPL	107,372	214,763
Debt instruments at FVTOCI	–	302,234
Bank balances and cash	64,911	36,124
	<u>199,570</u>	<u>754,485</u>
CURRENT LIABILITIES		
Other payables and accruals	9,516	3,518
Amount due to an associate	58	114
Tax payable	4,200	4,200
Borrowings	52,978	9,990
Lease liabilities	2,361	–
Financial guarantee contracts	6,382	10,679
	<u>75,495</u>	<u>28,501</u>
NET CURRENT ASSETS	<u>124,075</u>	<u>725,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>826,811</u>	<u>1,137,691</u>

	<i>NOTE</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		1,097	–
Borrowings		9,997	52,985
		<u>11,094</u>	<u>52,985</u>
NET ASSETS		<u>815,717</u>	<u>1,084,706</u>
CAPITAL AND RESERVES			
Share capital		109,717	109,717
Reserves		706,000	974,989
TOTAL EQUITY		<u>815,717</u>	<u>1,084,706</u>
NET ASSET VALUE PER SHARE			
<i>(HK cents)</i>	<i>12</i>	<u>7.43</u>	<u>9.89</u>

NOTES:

1. GENERAL

China Financial International Investments Limited (the “Company”) was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company. With effect from 9 May 2006, the Company de-registered from the Cayman Islands and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (the “Group”) are principally engaged in investing in listed and unlisted companies established and/or doing businesses in Hong Kong and the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuously monitoring forecast and actual cash flows. For the year ended 30 June 2020, the Group reported loss for the year of HK\$218,500,000. At 30 June 2020, the Group had bank balances and cash of HK\$64,911,000 and net current assets of HK\$124,075,000. Future cash flows from operating activities are dependent on realisation of the listed and unlisted investments. In order to continue funding future capital programmes, the Company may need to obtain additional equity or debt financing, or assess other options. The ability to access the required capital to maintain current financial position and cash flows is dependent on a variety of external factors.

The consolidated financial statements have been prepared on a going concern basis as, in the opinion of the directors of the Company, the Group has the ability to obtain debt or equity financing, or other sources of funding for future capital programmes should the need arise.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
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 year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 “Leases”

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

Definition of a lease

The Group has elected 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” and not 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.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.75% per annum.

	At 1 July 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 30 June 2019	<u>6,308</u>
Lease liabilities discounted at relevant incremental borrowings rates	4,782
Less: Recognition exemption – short-term leases	<u>(1,318)</u>
Lease liabilities as at 1 July 2019	<u><u>3,464</u></u>
Analysed as	
Current	761
Non-current	<u>2,703</u>
	<u><u>3,464</u></u>

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u><u>3,464</u></u>
By class:	
Land and buildings	<u><u>3,464</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 July 2019 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets	–	3,464	3,464
Current liabilities			
Lease liabilities	–	(761)	(761)
Non-current liabilities			
Lease liabilities	–	(2,703)	(2,703)

The Group has early adopted the following amendments to HKFRS, which are relevant to its operations.

Amendments to HKFRS 16 “COVID-19-Related Rent Concessions”

Amendments to HKFRS 16 “COVID-19-Related Rent Concessions” allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

Transition and summary of effects

The Group has early applied the amendments to HKFRS 16 in the current year. The application has no impact to the opening accumulated losses at 1 July 2019. The Group recognised changes in lease payments that resulted from rent concessions of HK\$428,000 in the profit or loss for the current year.

New and amendments to HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts ³
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ⁴

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividend income from:		
Financial assets at FVTPL	<u>3,354</u>	<u>28,230</u>
Interest income from:		
Financial assets at FVTPL	–	1,144
Debt instruments at FVTOCI	<u>18,259</u>	<u>39,471</u>
	<u>18,259</u>	<u>40,615</u>
	<u>21,613</u>	<u>68,845</u>

5. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the type and underlying business of the Group's investments.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segment, as the business extension of clean energy business. Prior year segment disclosure have been represented to conform with the current year's presentation.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Micro-loan service – equity investments in investees engaged in micro-loan services
2. Real estate and natural gas – equity investments in investees engaged in real estate and natural gas business
3. Investment in fixed income financial assets – debt investments
4. Clean energy – equity investments in investees engaged in clean energy industry
5. Others – equity investments in investees engaged in guarantee service, warehouse operation and management consultation service and other businesses

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group's results by reportable segments:

For the year ended 30 June 2020

	Micro-loan service <i>HK\$'000</i>	Real estate and natural gas <i>HK\$'000</i>	Investment in fixed income financial assets <i>HK\$'000</i>	Clean energy <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>-</u>	<u>210</u>	<u>18,259</u>	<u>-</u>	<u>3,144</u>	<u>21,613</u>
Segment loss	<u>(9,688)</u>	<u>(72,296)</u>	<u>(31,721)</u>	<u>(39,256)</u>	<u>(24,359)</u>	(177,320)
Share of loss of an associate						(41)
Other income						5,419
Impairment loss on other receivables						(15,968)
Finance costs						(3,355)
Central administrative expenses						<u>(27,235)</u>
Loss before tax						<u>(218,500)</u>

For the year ended 30 June 2019

	Micro-loan service <i>HK\$'000</i>	Real estate and natural gas <i>HK\$'000</i>	Investment in fixed income financial assets <i>HK\$'000</i>	Clean energy <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>-</u>	<u>3,536</u>	<u>39,471</u>	<u>22,312</u>	<u>3,526</u>	<u>68,845</u>
Segment loss	<u>(82,002)</u>	<u>(71,710)</u>	<u>(122,353)</u>	<u>(20,928)</u>	<u>(5,257)</u>	(302,250)
Share of profit of an associate						125
Other income						26,379
Impairment loss on other receivables						(16,037)
Finance costs						(3,150)
Central administrative expenses						<u>(31,850)</u>
Loss before tax						<u>(326,783)</u>

Segment loss represents the loss from each segment without allocation of share of (loss) profit of an associate, other income, impairment loss on other receivables, finance costs and central administrative expenses.

Segment assets and liabilities

The following is an analysis of the Group's assets by reportable segments:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Micro-loan service	53,628	63,832
Real estate and natural gas	113,382	215,143
Investment in fixed income financial assets	–	302,234
Clean energy	489,663	238,724
Others	148,538	106,930
	<hr/>	<hr/>
Total segment assets	805,211	926,863
Unallocated assets	97,095	239,329
	<hr/>	<hr/>
Consolidated assets	902,306	1,166,192
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than property, plant and equipment, right-of-use assets, interest in an associate, prepayments, deposits and other receivables and bank balances and cash; and
- no liabilities are allocated to reportable segments.

6. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	694	2,964
Reversal of provision for financial guarantee contracts	4,297	23,307
Sundry income	428	108
	<hr/>	<hr/>
	5,419	26,379
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on borrowings	3,159	3,150
Interest on lease liabilities	196	–
	<hr/>	<hr/>
	3,355	3,150
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PRC Enterprise Income Tax:		
Overprovision in prior year	–	(99)
Withholding tax (<i>note</i>)	–	879
	<u>–</u>	<u>879</u>
	<u>–</u>	<u>780</u>

Note: Withholding tax represents withholding tax of 10% on dividend income from the PRC.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits for both years.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Directors' emoluments	7,536	6,875
Other staff:		
Salaries and other benefits	3,259	6,506
Contributions to retirement benefits scheme	127	115
	<u>10,922</u>	<u>13,496</u>
Total employee benefits expense		
	<u>10,922</u>	<u>13,496</u>
Auditor's remuneration		
– audit services	900	638
– non-audit services	200	210
Custodian fee	161	172
Depreciation of property, plant and equipment	182	286
Depreciation of right-of-use assets	1,962	–
Loss on disposal of property, plant and equipment	315	–
Investment management fees	951	1,518
Reversal of provision for financial guarantee contracts	(4,297)	(23,307)
	<u>(4,297)</u>	<u>(23,307)</u>

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 30 June 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(218,500)</u>	<u>(327,563)</u>

Number of shares

	2020 <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>10,971,634</u>	<u>10,971,634</u>

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue for both years.

12. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of HK\$815,717,000 (2019: HK\$1,084,706,000) and 10,971,634,000 (2019: 10,971,634,000) issued and fully paid ordinary shares as at 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in the investments in the listed securities for short and medium term and unlisted investments for medium and long term during the Year.

During the Year, a loss attributable to owners of the Company amounted to HK\$218,500,000 as compared to a loss of HK\$327,563,000 for the year ended 30 June 2019. During the Year, dividend income from listed investments of HK\$3,354,000 and the interest income of HK\$18,259,000 from the unlisted bond investments were recorded. The loss was mainly attributable to the following reasons:

- (i) fair value loss of approximately HK\$48,962,000 on unlisted investments at FVTPL;
- (ii) fair value loss of approximately HK\$99,990,000 on listed investments at FVTPL;
and
- (iii) impairment loss on debt instruments at FVTOCI of approximately HK\$55,471,000.

During the Year, dividend income from investments decreased by 88.12% to HK\$3,354,000 as compared to HK\$28,230,000 in last year. Interest income from unlisted investments amounted to HK\$18,259,000 (2019: HK\$40,615,000). The other income which comprised bank interest income, reversal of provision for financial guarantees and sundry income amounted to HK\$5,419,000, representing a decrease of 79.46% as compared to HK\$26,379,000 in last year. Administrative and other expenses decreased by 14.49% from HK\$31,850,000 in last year to HK\$27,235,000 this year mainly due to the decrease of the staff costs and professional fees.

LISTED INVESTMENT REVIEW

During the Year, the Group recorded the total loss of HK\$137,194,000 on listed securities business as compared to a loss of HK\$114,742,000 last year. Dividend income of HK\$3,354,000 from listed investments was recorded for the Year (2019: HK\$5,918,000).

As at 30 June 2020, the market value of the listed securities amounted to HK\$140,908,000 (2019: HK\$285,503,000), all the listed investments were listed on the Stock Exchange.

Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	Group's effective interest	Market	Dividend	% to the	Investment cost	Disposal consideration	Realized loss
				value at 30 June 2020	received/ receivable during the Year	Group's net assets as at 30 June 2020			
				HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	12,369,000	0.60%	2,053	-	0.25%	-	-	-
China City Infrastructure Group Limited ("China City Infrastructure")	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	698,079,429	22.32%	89,354	-	10.95%	-	-	-
Sino-Ocean Group Holding Limited	Investment holding, property development and property investment in the PRC	4,212,500	0.06%	7,793	1,096	0.96%	14,727	7,401	(7,326)
China Communications Construction Co. Ltd.	Infrastructure construction, infrastructure design, dredging and other businesses	9,588,000	0.22%	41,708	2,258	5.11%	-	-	-
				140,908	3,354				(7,326)

UNLISTED INVESTMENT REVIEW

For the year ended 30 June 2020, the total loss on the Group's unlisted investment portfolio recorded as HK\$101,644,000 (2019: HK\$295,832,000). The loss was mainly attributable to the decrease in fair value of unlisted investments and the impairment loss on fixed income financial assets. During the Year, no dividend income recorded from unlisted investment (2019: HK\$22,312,000).

As at 30 June 2020, the fair value of the Group's unlisted investments amounted to HK\$664,303,000 as compared to HK\$641,360,000 in last year, representing a 3.58% increase.

UNLISTED EQUITY INVESTMENTS

The company's unlisted equity investments are mainly concentrated on clean energy industry and small loan companies in the PRC.

Since 2018, the Group focusing on clean energy industry and made several investments. Bioenergy is a carbon neutral and renewable energy source that reducing greenhouse gas emissions. Biofuels such as ethanol and biodiesel, are less toxic and are biodegradable. Using biomass can help build resilience in agricultural, timber and food-processing industries. Bioenergy provides a use for their waste streams, can help them reduce their energy costs.

Meanwhile, small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the slipping performance of the small loan industry, the company has plan to exit the investments in small loan industry.

In the foreseeable future, the company will continuously focus its investment on the bioenergy sector and gradually exit the past investment in the small loan industry which aim to maximize value of the shareholders of the company.

Unlisted equity investment portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2020 HK\$'000	% to the Group's net assets as at 30 June 2020
Micro-loan services							
1		(1) Jingdezhen, Jiangxi Province	40%	Provision of small loan and financial consultation services	188,690	–	–
2		Tianjin	30%	Provision of small loan and financial consultation services	36,606	1,055	0.13%
3		Tianjin	10%	Provision of small loan and financial consultation services	12,189	4,378	0.54%
4		(2) Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	–
5		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	1,131	0.14%
6		(3) Ezhou, Hubei Province	50%	Provision of small loan and financial consultation services	185,000	19,421	2.38%
7		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	129	0.02%
8		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	10,173	1.25%
9		Tianjin	30%	Provision of small loan and financial consultation services	36,741	6,382	0.78%
10		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	10,959	1.34%
				Sub-total:	675,467	53,628	
Guarantee service							
11		(4) Nanchang, Jiangxi Province	2.98%	Provision of financing guarantees to small-and-medium-sized enterprises ("SMEs")	43,150	28,507	3.49%
Investment and management consultation service							
12		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	–	–
13		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	5,458	0.67%
14		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	3,677	0.45%
				Sub-total:	56,104	9,135	

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2020 HK\$'000	% to the Group's net assets as at 30 June 2020
Clean energy							
15		Henan Province	30%	Production and sales of denatured fuel ethanol, sales of acetone, butanol, polyols, production and sales of biodegradable plastics and biodiesel, sales of chemical products, wheat bran flour, feed sales, acetic acid and acetaldehyde production	230,763	180,439	22.12%
16		Hunan Province	30%	New energy technologies development, transfer and consultation, research and development, manufacturing and sales of chemical products, chemical reagents and auxiliaries (excluding hazardous chemicals and precursor chemicals)	51,200	50,366	6.17%
17		Henan Province	30%	Biotechnology and ethanol bio-chemical product development and production of ethanol chemical products	150,065	131,637	16.14%
18		Henan Province	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	117,450	93,995	11.52%
19		Guangdong Province	5%	Ethanol products transportation, development, trading and consultation service	557	317	0.04%
20		Henan Province	30%	Denatured ethanol, ethanol, acetone, n-butanone, biogas, polyols, fully degradable plastics, chemical products, gluten, feed, instrumentation, mechanical and electrical equipment, special chemical equipment, environmental protection equipment, electrical equipment, bioenergy and biochemical complete set Equipment sales; technical development and consultation, import and export of goods or technologies in the field of bioenergy and biochemical science and technology	16,455	16,455	2.02%
21		Henan Province	30%	Engage in petrol station operation	16,455	16,455	2.02%
Sub-total:					582,945	489,664	

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 30 June 2020 HK\$'000	% to the Group's net assets as at 30 June 2020
Others							
22	Liaoyuan Hancheng Economic and Trade Co., Ltd ("Liaoyuan Hancheng")	(11) Jilin Province	30%	Corn distribution, grain purchase, storage (excluding hazardous chemicals); sales of building materials, mechanical and electrical products, communication equipment, chemical products (excluding hazardous chemicals), aluminum alloy strip, foil production and product processing. (projects that need to be approved according to law can only be operated after being approved by relevant departments).	65,400	67,134	8.23%
23	Nanyang Xinglong Real Estate Co., Ltd ("Nanyang Xinglong")	(12) Henan Province	30%	Real estate development (with valid license); flowers, seedlings planting (excluding breeding seedlings), hardware and building materials sales*	15,364	16,235	1.99%
Sub-total:					80,764	83,369	
Total:					1,438,430	664,303	

Notes:

- (1) On 1 June 2016, the Group's equity interests in Jingdezhen CFI Guosen changed from 30% to 40% due to previous shareholders of Jingdezhen CFI Guosen withdrew their capital commitment in the sum of RMB125,000,000 in Jingdezhen CFI Guosen and the registered capital of Jingdezhen CFI Guosen was reduced from RMB500,000,000 to RMB375,000,000. Due to the reduction in the registered capital, the shareholding of the Company in Jingdezhen CFI Guosen inevitably and automatically increased from 30% to 40%. In order to comply with Rule 21.04(3)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Jingdezhen CFI Guosen is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Jingdezhen CFI Guosen. The Company has relinquished of the voting rights beyond 30% and it still possesses other rights such as the rights to receive dividends based on the shareholding. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

After the voluntarily relinquished the voting rights beyond 30%, the Group remained to hold 30% voting power in Jingdezhen CFI Guosen, which is not classified as an associate nor accounted for using the equity method, even though the Group owns or potentially owns more than 20% ownership interest in this investment. In the opinion of the Directors, the Group has no significant influence over Jingdezhen CFI Guosen since the Group and each of the investee entered into relevant written agreement/declaration to conclude the followings: (i) the Group will/did not have any representative on the board of Directors or equivalent governing body of this investment; (ii) the Group will/did not participate in policy-making processes, including participation in decisions about dividends or other distributions; and (iii) the Group will/did not interchange any managerial personnel with this investment. Therefore, the Directors of the Company considered that there is no significant influence on Jingdezhen CFI Guosen. Hence, Jingdezhen CFI Guosen is not considered as associate of the Group. Jingdezhen CFI Guosen is treated as equity instruments at FVTOCI.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Jingdezhen CFI Guosen or to restore the shareholdings in Jingdezhen CFI Guosen to 30%.

- (2) On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK\$2,500,000 has been received which was included in receipt in advance under “other payables and accruals” as at 30 June 2020 and 2019. As at the date of this announcement, this disposal transaction has not been completed. The Directors expect this disposal transaction will be completed within one year.
- (3) On 18 December 2016, the shareholders’ resolution of Ezhou Zhongjinguotou approved some existing shareholders of Ezhou Zhongjinguotou to withdraw their capital commitment in the sum of RMB200,000,000 in Ezhou Zhongjinguotou so that the registered capital of Ezhou Zhongjinguotou will be reduced from RMB500,000,000 to RMB300,000,000. Due to the reduction in the registered capital, the shareholding of the Company in Ezhou Zhongjinguotou will inevitably increase from 30% to 50%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company shall voluntarily relinquished the voting rights beyond 30%.

After the voluntarily relinquished the voting rights beyond 30%, the Group remained to hold 30% voting power in Ezhou Zhongjinguotou, which is not classified as an associate nor accounted for using the equity method, even though the Group owns or potentially owns more than 20% ownership interest in this investment. In the opinion of the Directors, the Group has no significant influence over Ezhou Zhongjinguotou since the Group and each of the investee entered into relevant written agreement to conclude the followings: (i) the Group will/did not have any representative on the board of Directors or equivalent governing body of this investment; (ii) the Group will/did not participate in policy-making processes, including participation in decisions about dividends or other distributions; and (iii) the Group will/did not interchange any managerial personnel with this investment. Therefore, the Directors of the Company considered that there is no significant influence on Ezhou Zhongjinguotou. Hence, Ezhou Zhongjinguotou is not considered as associate of the Group. Ezhou Zhongjinguotou is treated as financial asset at FVTPL.

Given that the reduction in the registered capital of Ezhou Zhongjinguotou is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Ezhou Zhongjinguotou. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Ezhou Zhongjinguotou or to restore the shareholdings in Ezhou Zhongjinguotou to 30%.

- (4) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduced to 2.98% on 19 August 2016, as Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on those dates.
- (5) On 11 May 2018, the Company entered into the joint venture agreement with the joint venture partners in relation to the formation of the Henan Tianguan in Henan province, the PRC. Pursuant to the joint venture agreement, the Company owned 30% of the registered capital of the Henan Tianguan. On 31 July 2018, Henan Tianguan increased the registered capital from RMB300,000,000 to RMB660,000,000.
- (6) In January 2019, Keyi (Shanghai) entered into an agreement with South China New Energy to inject capital contribution of RMB45,000,000 into South China New Energy for acquiring 30% of South China New Energy's equity interest. On 23 January 2019, the legal title of 30% equity interest in South China New Energy has been successfully transferred to Keyi (Shanghai).
- (7) On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited ("Hollys") to get the repayment of outstanding principal and interests of the bond issued by Hollys in return for the 30% equity interest of Mengzhou Houyuan.
- (8) In August 2019, Keyi (Shanghai) entered into an agreement with 3 partners in relation to the formation of Keyi Huirui. The registered capital of Keyi Huirui is RMB350,000,000. Keyi (Shanghai) injected RMB105,000,000 for acquiring 30% of Keyi Huirui's equity interest. On 5 September 2019, Keyi Huirui was officially set up.
- (9) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC.
- (10) In March 2020, the Company executed a cooperation agreement with the People's Government of Nanyang of the PRC, Sinopec Marketing Company Limited and South South Asia Pacific Bioenergy Limited, in relation to the formation of two joint venture companies, Zhongxin Petrochemical and Zhongxin Bioenergy. The company acquired 30% equity interest in both companies.
- (11) In June 2020, Keyi (Shanghai) entered into the capital increase agreement with Liaoyuan Hancheng to inject capital contribution of RMB60,000,000 into Liaoyuan Hancheng for acquiring 30% of Liaoyuan Hancheng's equity interest.
- (12) On 2 April 2020, the Group entered into an agreement with Xing Yue Investments Limited ("Xing Yue") and the sole shareholder of Xing Yue, Ms. Dong Lili to obtain the repayment of outstanding principal and interests accrued of the bond issued by Xing Yue in return for the 30% equity interest of Nanyang Xinglong.

PROSPECT

The Company is expected to continue to focus on China's bioethanol sector with the aim to maximize value for the shareholders of the Company.

In this year, the Company has continuously invested in bioethanol sector in mainland China. The Company executed a cooperation agreement with the People's Government of Nanyang of the PRC, Sinopec Marketing Company Limited and South South Asia-Pacific Bioenergy Limited in relation to formation of two joint venture companies, Zhongxin Petrochemical and Zhongxin Bioenergy.

As the Group's business is moving forward towards its strategic goals, the Board will carefully assess and minimize potential risks and strive to generate more returns to all shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 June 2020, the Group had cash and cash equivalents of HK\$64,911,000 (2019: HK\$36,124,000). Majority of the cash and bank balances denominated in Hong Kong dollars, United States dollars and Renminbi are placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2020 was approximately 2.64 times (2019: 26.47 times), gearing ratio (total liabilities to total assets) of the Group as at 30 June 2020 was approximately 9.60% (2019: 6.99%).

The Group did not have any bank borrowing as at 30 June 2020 (2019: nil).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2019: nil).

CAPITAL STRUCTURE

As at 30 June 2020, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$815,717,000 (2019: HK\$1,084,706,000) and approximately 10,971,634,000 (2019: 10,971,634,000) respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions. During the Year, transactions in Renminbi were not significant, the Board considers that the Group's exposure to fluctuation in exchange rates was insignificant.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 15 (2019: 14) employees (including Directors). The total staff costs (including Directors' remuneration) of the Group for the Year was HK\$10,922,000 (2019: HK\$13,496,000). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is principally responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board. The Audit Committee comprises two independent non-executive Directors. The Audit Committee has met with the external auditors of the Group to review the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of this announcement and financial statements of the Group for the Year.

CORPORATE GOVERNANCE

The Board is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the Shareholders' value.

During the Year, the Company has applied the principles and complied with the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the disclosure below:

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of both chairman and chief executive officer of the Company have been held by Mr. Du Lin Dong during the Year. Given the Group's current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Year.

EVENTS AFTER THE REPORTING PERIOD

On 7 September 2020, the Company injected another RMB30,000,000 to Zhongxin Bioenergy to fulfil its capital commitment to Zhongxing Bioenergy. The equity interest held by the Company remains 30%.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 4 December 2020. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 1 December 2020 to Friday, 4 December 2020 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 30 November 2020.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary announcement have been audited by the Group's auditor, Moore Stephens CPA Limited. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES

This results announcement is published on the websites of the Company (<http://www.irasia.com/listco/hk/cfii>) and the Stock Exchange (www.hkex.com.hk). The annual report will be dispatched to the Shareholders and made available on the above websites as soon as practicable.

By order of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman and Chief Executive Officer

Hong Kong, 29 September 2020

As at the date of this announcement, the executive Director is Mr. Du Lin Dong, the non-executive Directors are Mr. Ding Xiaobin, Mr. Zhang Huayu, Ms. Li Jie and Ms. Chen Xi and the independent non-executive Directors are Mr. Zhang Jing and Mr. Zeng Xianggao.