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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Directors”) of China Financial International Investments Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2020 as follows:

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

*For the six months ended 31 December 2020*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue	4	<b>187</b>	19,199
Other income	4	<b>22,946</b>	5,960
Fair value loss on financial assets at fair value through profit or loss (“FVTPL”)		<b>(37,528)</b>	(88,255)
Impairment loss on debt instruments at fair value through other comprehensive income (“FVTOCI”)			(17,015)
Administrative expenses		<b>(12,251)</b>	(14,478)
Share of (loss) profit from an associate		<b>(81)</b>	8
Finance costs	5	<b>(1,147)</b>	(1,676)
Loss before tax		<b>(27,874)</b>	(96,257)
Income tax expense	6	—	—
Loss for the period		<b>(27,874)</b>	(96,257)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b><i>Item that will not be reclassified to profit or loss:</i></b>			
– Fair value loss on equity instruments at FVTOCI		<b>(8,884)</b>	(34,755)
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
<b><i>Debt Instruments at FVTOCI</i></b>			
– Change in fair value of debt instrument at FVTOCI		–	(17,015)
– Adjustment for expected credit loss		–	17,015
		–	–
– Exchange difference arising on translation of foreign operations		<b>16,442</b>	(1,054)
<b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>		<b><u>7,558</u></b>	<b><u>(35,809)</u></b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>		<b><u><u>(20,316)</u></u></b>	<b><u><u>(132,066)</u></u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
– Basic	9	<b><u><u>HK(0.25) cents</u></u></b>	<b><u><u>HK(0.88) cents</u></u></b>
– Diluted	9	<b><u><u>HK(0.25) cents</u></u></b>	<b><u><u>HK(0.88) cents</u></u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

	<b>Unaudited</b>	Audited
	<b>31 December</b>	30 June
	<b>2020</b>	2020
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	75	89
Right-of-use assets	2,291	3,390
Interest in an associate	1,031	1,112
Financial assets at FVTPL	682,085	635,796
Equity instruments at FVTOCI	53,159	62,043
Deposits	15,318	306
	<b>753,959</b>	<b>702,736</b>
<b>CURRENT ASSETS</b>		
Prepayments, deposits and other receivables	39,699	27,287
Financial assets at FVTPL	48,479	107,372
Bank balances and cash	7,554	64,911
	<b>95,732</b>	<b>199,570</b>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	17,465	9,516
Amount due to an associate	273	58
Tax payable	4,200	4,200
Borrowings	29,986	52,978
Lease liabilities	1,605	2,361
Financial guarantee contract	–	6,382
	<b>53,529</b>	<b>75,495</b>
<b>NET CURRENT ASSETS</b>	<b>42,203</b>	<b>124,075</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>796,162</b>	<b>826,811</b>

		<b>Unaudited</b>	Audited
		<b>31 December</b>	30 June
		<b>2020</b>	2020
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>761</b>	1,097
Borrowings		<u>–</u>	<u>9,997</u>
		<b>761</b>	11,094
<b>NET ASSETS</b>		<b><u>795,401</u></b>	<b><u>815,717</u></b>
<b>EQUITY</b>			
Share capital		<b>109,717</b>	109,717
Reserves		<u>685,684</u>	<u>706,000</u>
<b>TOTAL EQUITY</b>		<b><u>795,401</u></b>	<b><u>815,717</u></b>
Net asset value per share ( <i>HK cents</i> )	<i>12</i>	<b><u>7.25</u></b>	<b><u>7.43</u></b>

## **1. CORPORATION INFORMATION AND BASIS OF PREPARATION**

China Financial International Investments Limited (the “Company”) was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The Company’s registered office address is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and the Company’s principal place of business is Suite 2001, 20th Floor, Tower 1, The Gateway, Harbour City, Kowloon, Hong Kong.

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

The unaudited condensed consolidated financial statements for the six months ended 31 December 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In the preparation of the condensed 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 six months ended 31 December 2020, the Group reported loss for the year of HK\$27,874,000. At 31 December 2020, the Group had bank balances and cash of HK\$7,554,000 and net current assets of HK\$42,203,000. 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 condensed 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.

They have been prepared on the historical cost convention, except for financial assets at FVTPL and financial assets at FVTOCI which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of unaudited condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 30 June 2020. The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2020, except for the adoption of the following amendments to HKFRSs issued by the HKICPA as disclosed below.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 30 June 2020.

### **Application of new and amendments to HKFRSs**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

### ***Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"***

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period has had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 30 June 2021.

## **2A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD**

The pandemic impact of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy and business environment, and directly and indirectly affecting the operations of the Group. The financial position and performance of the Group have been affected in different aspects, including reduction in revenue and reduction in the returns in the investments.

## **3. OPERATING SEGMENT INFORMATION**

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

In the current period, the Group reorganised its internal reporting structure which resulted in the changes to the composition of its reportable segment, as the business extension of clean energy business. Prior period segment disclosure has been represented to conform with the current period'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 investment in investees engaged in clean energy industry
5. Other – 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.

	Micro-loan Service HK\$'000	Real estate and natural gas HK\$'000	Investment in fixed Income Financial Assets HK\$'000	Clean energy HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 31 December 2020</b>						
Segment results	<u>(7,327)</u>	<u>(14,439)</u>	<u>-</u>	<u>(11,801)</u>	<u>(3,774)</u>	<u>(37,341)</u>
Share of loss of an associate						(81)
Unallocated other income						22,946
Finance costs						(1,147)
Central administrative expenses						<u>(12,251)</u>
Loss before tax						<u>(27,874)</u>
<b>Six months ended 31 December 2019</b>						
Segment results	<u>(10,014)</u>	<u>(54,651)</u>	<u>1,236</u>	<u>(20,928)</u>	<u>(1,714)</u>	(86,071)
Share of profit of an associate						8
Unallocated other income						5,960
Finance costs						(1,676)
Central administrative expenses						<u>(14,478)</u>
Loss before tax						<u>(96,257)</u>

Segment (loss) profit represent the (loss from)/profit earned by 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

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

	<b>Unaudited</b>	Audited
	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Micro-loan service	<b>15,921</b>	53,628
Real estate and natural gas	<b>67,791</b>	113,382
Investment in fixed income financial assets	–	–
Clean energy	<b>569,794</b>	489,663
Others	<b>130,217</b>	148,538
	<hr/>	<hr/>
Total segment assets	<b>783,723</b>	805,211
Unallocated assets	<b>65,968</b>	97,095
	<hr/>	<hr/>
Consolidated assets	<b>849,691</b>	902,306
	<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

#### 4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Unaudited	
	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Dividend income from listed investments	187	946
Interest income from unlisted investments	—	18,253
	<u>187</u>	<u>19,199</u>
<b>Other income</b>		
Bank interest income	293	255
Exchange gain	15,599	—
Reversal of impairment loss on other receivable	—	1,313
Reversal of provision for financial guarantee liabilities	6,382	4,392
Sundry income	672	—
	<u>22,946</u>	<u>5,960</u>

#### 5. FINANCE COSTS

	Unaudited	
	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings	1,060	1,588
Interest on lease liabilities	87	88
	<u>1,147</u>	<u>1,676</u>

## 6. INCOME TAX EXPENSE

	Unaudited	
	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – PRC		
– Provision for the period	–	–
– Overprovision in respect of prior year	–	–
	<hr/>	<hr/>
	–	–
Deferred tax – PRC		
– Provision for the period	–	–
	<hr/>	<hr/>
	–	–
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profit Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profits for the period (31 December 2019: no assessable profit for the period).

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 periods.

## 7. LOSS FOR THE PERIOD

The Group's profit before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
Custodian fee	85	81
Depreciation of property, plant and equipment	14	141
Depreciation of right-of-use assets	1,209	847
Investment management fees	215	560
(Reversal of) loss allowance for deposits and other receivable	–	(1,313)
Loss on disposal of a subsidiary	255	–
Reversal of provision for financial guarantee liabilities	(6,382)	(4,392)
<i>Staff costs, including directors' remuneration:</i>		
– Salaries and wages	2,740	5,374
– Pension scheme contributions	51	74

## 8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2020 (31 December 2019: Nil).

## 9. LOSS PER SHARE

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

	Unaudited	
	Six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(27,874)</u>	<u>(96,257)</u>
<b>Number of shares</b>		
	2020	2019
	'000	'000
Weight 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 periods were presented as there were no potential ordinary shares in issue for both periods.

## 10. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2020 of HK\$7.25 cents (30 June 2020: HK\$7.43 cents) and 10,971,634,030 ordinary shares in issue as at 31 December 2020 (30 June 2020: 10,971,634,030 ordinary shares).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the investments in the listed and unlisted companies established and/or doing business in Hong Kong and the People's Republic of China (the "PRC" or, "China").

The Group recorded a loss of HK\$27,874,000 for the six months ended 31 December 2020 (the "Period"), as compared to a loss of HK\$96,257,000 for the same period last year. The loss was mainly attributable to the fair value loss of approximately HK\$37,528,000 on financial assets at fair value through profit or loss.

### **LISTED INVESTMENT REVIEW**

During the Period, the Group recorded the total loss of HK\$15,464,000 on listed securities business. Dividend income of HK\$187,000 from listed investments was recorded for the Period (31 December 2019: HK\$946,000).

As at 31 December 2020, the market value of the listed securities amounted to HK\$73,631,000 (30 June 2020: HK\$140,908,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	Group's effective interest	Market value at 31 December 2020 <i>HK\$'000</i>	Dividend received/receivable during the Period <i>HK\$'000</i>	% to the Group's net assets as at 31 December 2020	Investment cost <i>HK\$'000</i>	Disposal consideration <i>HK\$'000</i>	Realized gain/(loss) <i>HK\$'000</i>
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	12,369,000	0.6%	2,560	-	0.32%	-	-	-
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%	67,016	-	8.43%	-	-	-
Sino-Ocean Group Holding Limited	Investment holding, property development and property investment in the PRC	500,000	0.01%	775	187	0.10%	14,229	6,347	7,882
China Communications Construction Co. Ltd.	Infrastructure construction, infrastructure design, dredging and other businesses	979,000	0.02%	3,280	-	0.41%	74,988	37,083	37,905
				73,631	187				

## UNLISTED INVESTMENT REVIEW

For the Period, the total loss on the Group's unlisted investment portfolio recorded as HK\$22,064,000 (31 December 2019: HK\$47,487,000). The loss was mainly attributable to the decrease in fair value of small loan companies and investments in fixed income financial assets. No dividend income was recorded for the six months ended 31 December 2020 and 2019, no interest income from the unlisted investments was recorded (31 December 2019: HK\$18,253,000).

The fair value of the Group's unlisted investments increased by 6.89% to HK\$710,092,000 (30 June 2020: HK\$664,303,000).

## **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 31 December 2020 HK\$'000	% to the Group's net assets as at 31 December 2020
<b>Micro-loan service</b>							
1		Tianjin	30%	Provision of small loan and financial consultation services	36,606	1,261	0.16%
2		Tianjin	10%	Provision of small loan and financial consultation services	12,189	4,165	0.52%
3	(1)	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	–
4		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	1,118	0.14%
5		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	126	0.02%
6		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	9,251	1.16%
7		Tianjin	30%	Provision of small loan and financial consultation services	36,741	–	–
				Sub-total:	<u>244,903</u>	<u>15,921</u>	
<b>Guarantee Service</b>							
8	(2)	Nanchang, Jiangxi Province	2.98%	Provision of financing guarantees to small and medium enterprises	43,150	28,007	3.52%
<b>Investment and management consultation service</b>							
9		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	–	–
10		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	5,350	0.67%
11		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	3,610	0.45%
				Sub-total:	<u>56,104</u>	<u>8,960</u>	

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2020		% to the Group's net assets as at 31 December 2020	
					Cost HK\$'000	HK\$'000		
<b>Clean energy</b>								
12	Henan Tianguan Energy and Biotechnology Company Limited ("Henan Tianguan")	(3)	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	122,719	15.43%
13	Hunan South China New Energy Limited ("South China New Energy")	(4)	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	54,529	6.86%
14	Mengzhou Houyuan Biotechnology Company Limited	(5)	Henan Province	30%	Biotechnology and ethanol biochemical product development and production of ethanol chemical products	150,065	146,581	18.43%
15	Henan Keyi Huirui Bioenergy Technology Company Limited ("Keyi Huirui")	(6)	Henan Province	30%	Biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment	117,450	136,113	17.11%
16	Tianguan New Energy Limited ("Tianguan New Energy")	(7)	Guangdong Province	5%	Ethanol products transportation, development, trading and consultation service	557	4,316	0.54%
17	Henan Zhongxin Petrochemical Oil Sales Co., Ltd ("Zhongxin Petrochemical")	(8)	Henan Province	30%	Engage in petrol station operation	52,084	52,084	6.55%
18	Henan Zhongxin Bioenergy Co., Ltd ("Zhongxin Bioenergy")	(9)	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	52,084	53,452	6.72%
					654,203	569,794		

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2020 HK\$'000	% to the Group's net assets as at 31 December 2020
<b>Others</b>							
19	Jilin Jusheng Light Alloy Co., Ltd (formerly known as Liaoyuan Hancheng Economic and Trade Co., Ltd)	(10) Jilin Province	30%	Corn distribution, grain purchase, storages (excluding hazardous chemicals); sales of building materials, mechanical and electrical products, communication equipment, chemical products (excluding hazardous chemical), aluminum alloy strip, foil production and product processing	65,400	71,259	8.96%
20	Nanyang Xinglong Real Estate Co., Ltd	(11) Henan Province	30%	Real Estate Development (with valid license); flowers, seedlings planting (excluding breeding seedlings), hardware and building materials sales	15,354	16,151	2.03%
					80,754	87,410	
			Total:		1,079,114	710,092	

**Notes:**

- (1) 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 in "other payables and accruals" as at 30 June 2020 and 2019. As at 31 December 2020, in the opinion of the Directors of the Company, the disposal transaction has yet been completed after 12 months from the date of the disposal agreement but the transaction still be considered as valid.
- (2) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture establish in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduce to 2.98% on 19 August 2016, as Jiangxi Huazhang was enlarged by the new registered capital subscribed by its other shareholders on these dates.
- (3) 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 hence Keyi (Shanghai) Investments Limited ("Keyi") and Joy State Holdings Limited, wholly-owned subsidiaries of the Company, further injected RMB30,000,000 and RMB78,000,000 respectively.
- (4) In January 2019, Keyi 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.

- (5) On 17 October 2019, the Group entered into an agreement with Hollys (China) Limited (“Hollys”) to obtain repayment of outstanding principal and interests accrued of the bonds issued by Hollys in return of the 30% equity interest investment in Mengzhou Houyuan.

Mengzhou Houyuan is principally engaged in development and production of biotechnology and ethanol bio-chemical products in Henan Province, the PRC.

- (6) In August 2019, Keyi (Shanghai) entered into an agreement with three 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. Keyi Huirui is engaged in biotechnology energy technology development, transfer and consultation, research and development, manufacturing and sales of biotechnology energy and chemical equipment. On 5 September 2019, Keyi Huirui was officially set up.
- (7) In October 2019, the Group invested in a 5% equity interest of Tianguan New Energy, a joint venture established in the PRC. Tianguan New Energy is principally engaged in ethanol products transportation, development and relevant consultation services in Huizhou, Guangdong Province, the PRC.
- (8) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Petrochemical Oil, a joint venture established in the PRC. Zhongxin Petrochemical Oil is principally operating refined petroleum products (such as vehicle ethanol gasoline, kerosene, diesel, natural gas) without storage facilities, selling food and chemical products, retail medicine and road cargo transport.
- (9) On 16 March 2020, the Group invested in a 30% equity interest of Zhongxin Biotechnology, a joint venture established in the PRC. Zhongxin Biotechnology is principally engaged in production and sales of fuel ethanol and related products, the production and supply of electricity and heat, and the research, development and technical services of fuel ethanol and denatured fuel ethanol.
- (10) On 11 June 2020, the Group invested in a 30% equity interest of Jilin Jusheng Light Alloy Co., Ltd, which is principally engaged in food and agriculture products trading and warehouse management in Jilin Province, PRC.
- (11) On 2 April 2020, the Group entered into an agreement with Xing Yue Investment 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 bonds issued by Xing Yue in return of the 30% equity interest investment in Nanyang Xinglong.

Nanyang Xinglong is principally engaged in property development in Henan Province, PRC.

## **PROSPECT**

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

In this year, the Company has continuously Invested in the 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 Oil Sales Co., Ltd and Zhongxin Bioenergy Co., Ltd.

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.

## **MAJOR ACQUISITIONS AND DISPOSALS**

During the period ended 31 December 2020, the Group disposed a directly wholly-owned subsidiary, China Financial International Investments (Jiangxi) Limited, to independent third parties at considerations of HK\$30,000,000.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING**

As at 31 December 2020, the Group had cash and cash equivalents of HK\$7,554,000 (30 June 2020: HK\$64,911,000). 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 31 December 2020 was approximately 1.79 times (30 June 2020: 2.64 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2020 was approximately 6.39% (30 June 2020: 9.60%).

The Group did not have any bank borrowing as at 31 December 2020 (30 June 2019: Nil). The Group did not have any capital commitments as at 31 December 2020 (30 June 2020: Nil).

## **INTERIM DIVIDEND**

The Board of the Directors does not recommend any payment of interim dividend for the Period (2019: Nil).

## **CHARGES ON THE GROUP'S ASSETS**

As at 31 December 2020, there were no charges on the Group's assets.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2020.

## **CAPITAL STRUCTURE**

As at 31 December 2020, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$795,401,000 (30 June 2020: HK\$815,717,000) and approximately 10,971,634,030 (30 June 2020: 10,971,634,030), 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 Period, 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 31 December 2020, the Group had 13 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$2,791,000 (2019: HK\$5,448,000). 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 Period.

## **CORPORATE GOVERNANCE**

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the Period, the Company complied with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (a) 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 have been held by Mr. Du Lin Dong. 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.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted 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 Period.

## **AUDIT COMMITTEE**

The Company established the audit committee (the "Audit Committee") which comprises three independent non-executive Directors namely, Mr. Zhang Jing (chairman of the audit committee), Mr. Zeng Xianggao and Mr. Wong Lok Man. The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management system, internal control systems and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval. The Audit Committee is established with specific terms of references which deal clearly with the committee's authority and duties and is available on the website of the Stock Exchange and the Company.

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITES**

The Group's interim results will be included in the Company's interim report for the Period which will be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) as well as the website of the Company (<http://www.irasia.com/listco/hk/cfii>) as soon as possible.

**China Financial International Investments Limited**

**Du Lin Dong**

*Chairman and Chief Executive Officer*

Hong Kong, 26 February 2021

*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, Mr. Zeng Xianggao and Mr. Wong Lok Man.*