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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 2022

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 2022 as follows:

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

For the six months ended 31 December 2022

| | | Unaudited | |
|---|--------------|-------------------------------------|-----------------|
| | | Six months ended 31 December | |
| | | 2022 | 2021 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Revenue | 4 | 79 | 181 |
| Other income | 4 | 10 | 3 |
| Fair value loss on financial assets at fair value through profit or loss (“FVTPL”) | | (34,978) | (37,829) |
| Administrative expenses | | (7,329) | (7,988) |
| Share of loss from an associate | | (128) | (80) |
| Finance costs | 5 | (361) | (380) |
| Loss before tax | | (42,707) | (46,093) |
| Income tax expense | 6 | — | — |
| Loss for the period | | (42,707) | (46,093) |

| | | Unaudited | |
|---|--------------|-------------------------------------|------------------------|
| | | Six months ended 31 December | |
| | | 2022 | 2021 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| – Fair value (loss)/gain on equity instruments at FVTOCI | | <u>(10,135)</u> | <u>7,046</u> |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| – Exchange difference arising on translation of foreign operations | | <u>(11,306)</u> | <u>7,602</u> |
| OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD | | <u>(21,441)</u> | <u>14,648</u> |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD | | <u>(64,148)</u> | <u>(31,445)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
| – Basic | 9 | <u>HK(0.39) cents</u> | <u>HK(0.42) cents</u> |
| – Diluted | 9 | <u>HK(0.39) cents</u> | <u>HK(0.42) cents</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

| | Unaudited 31 December 2022 HK\$'000 | Audited 30 June 2022 HK\$'000 |
|--|--|--|
| | <i>Note</i> | |
| NON-CURRENT ASSETS | | |
| Interest in an associate | 577 | 705 |
| Financial assets at FVTPL | 422,806 | 451,436 |
| Equity instruments at FVTOCI | 48,794 | 58,929 |
| | 472,177 | 511,070 |
| CURRENT ASSETS | | |
| Prepayments, deposits and other receivables | 41,695 | 9,785 |
| Financial assets at FVTPL | 28,000 | 45,803 |
| Bank balances and cash | 763 | 39,600 |
| | 70,458 | 95,188 |
| CURRENT LIABILITIES | | |
| Other payable and accruals | 19,511 | 18,718 |
| Amount due to an associate | 226 | 138 |
| Tax payable | 4,200 | 4,200 |
| Borrowings | 9,997 | 9,997 |
| Lease liabilities | 60 | 416 |
| | 33,994 | 33,469 |
| NET CURRENT ASSETS | 36,464 | 61,719 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 508,641 | 572,789 |

| | | Unaudited 31 December 2022 HK\$'000 | Audited 30 June 2022 <i>HK\$'000</i> |
|---|-----------|--|---|
| NET ASSETS | | <u>508,641</u> | <u>572,789</u> |
| EQUITY | | | |
| Share capital | | 109,717 | 109,717 |
| Reserves | | <u>398,924</u> | <u>463,072</u> |
| TOTAL EQUITY | | <u>508,641</u> | <u>572,789</u> |
| NET ASSET VALUE PER SHARE (<i>HK cents</i>) | <i>12</i> | <u>HK4.64 cents</u> | <u>HK5.22 cents</u> |

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 2022 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 2022, the Group reported loss for the year of HK\$42,707,000. At 31 December 2022, the Group had bank balances and cash of HK\$763,000 and net current assets of HK\$36,464,000. 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 financing 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 2022, 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 2022. 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 2022, 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 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 30 June 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 June 2022 for the preparation of the condensed consolidated financial statements:

| | |
|-------------------------------------|---|
| HKAS 16 (Amendments) | Property, Plant and Equipment: Proceeds before Intended Use |
| HKFRS 3 (Amendments) | Reference to the Conceptual Framework |
| HKAS 37 (Amendments) | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements | Annual Improvements to HKFRS Standards 2018-2020 Cycle |
| Accounting Guideline 5 (Revised) | Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations |

the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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.

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. Clean energy – equity investment in investees engaged in clean energy industry
4. Other – equity investments in investees engaged in guarantee service, warehouse operation and management consultation service and other businesses

| | Micro-loan Service <i>HK\$'000</i> | Real estate and natural gas <i>HK\$'000</i> | Clean energy <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|------------------------------------|--|--|------------------------------------|---------------------------|--------------------------|
| Six months ended | | | | | |
| 31 December 2022 | | | | | |
| Segment results | <u>(762)</u> | <u>(14,748)</u> | <u>(14,481)</u> | <u>(4,908)</u> | (34,899) |
| Share of loss of an associate | | | | | (128) |
| Unallocated other income | | | | | 10 |
| Finance costs | | | | | (361) |
| Central administrative expenses | | | | | <u>(7,329)</u> |
| Loss before tax | | | | | <u>(42,707)</u> |
| Six months ended 31 | | | | | |
| December 2021 | | | | | |
| Segment results | <u>772</u> | <u>11,519</u> | <u>(61,324)</u> | <u>11,385</u> | (37,648) |
| Share of loss of an associate | | | | | (80) |
| Unallocated other income | | | | | 3 |
| Finance costs | | | | | (380) |
| Central administrative expenses | | | | | <u>(7,988)</u> |
| Loss before tax | | | | | <u>(46,093)</u> |

Segment (loss)/profit represent the (loss from)/profit earned by each segment without allocation of share of loss of an associate, other income, finance costs and central administrative expenses.

Segment assets

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

| | Unaudited | Audited |
|-----------------------------|------------------------|-----------------|
| | 31 December | 30 June |
| | 2022 | 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Micro-loan service | 6,704 | 7,466 |
| Real estate and natural gas | 39,092 | 62,827 |
| Clean energy | 359,486 | 381,995 |
| Others | 94,318 | 103,880 |
| | <hr/> | <hr/> |
| Total segment assets | 499,600 | 556,168 |
| Unallocated assets | 43,035 | 50,090 |
| | <hr/> | <hr/> |
| Consolidated assets | 542,635 | 606,258 |
| | <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, 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 | |
| | 2022 | 2021 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | | |
| Dividend income from listed investments | <u>79</u> | <u>181</u> |
| Other income | | |
| Bank interest income | <u>10</u> | <u>3</u> |

5. FINANCE COSTS

| | Unaudited | |
|-------------------------------|------------------------------|-----------------|
| | Six months ended 31 December | |
| | 2022 | 2021 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest on borrowings | 353 | 353 |
| Interest on lease liabilities | <u>8</u> | <u>27</u> |
| | <u>361</u> | <u>380</u> |

6. INCOME TAX EXPENSE

| | Unaudited | |
|----------------------------|-------------------------------------|-----------------|
| | Six months ended 31 December | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Current – PRC | | |
| – Provision for the period | – | – |
| | – | – |
| Deferred tax – PRC | | |
| – Provision for the period | – | – |
| | – | – |
| | – | – |

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 year (31 December 2021: assessable profit of the Group is wholly absorbed by tax losses brought forward 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 | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Custodian fee | 78 | 78 |
| Depreciation of property, plant and equipment | – | 12 |
| Depreciation of right-of-use assets | – | 332 |
| Investment management fees | 89 | 60 |
| <i>Staff costs, including directors' remuneration:</i> | | |
| – Salaries and wages | 4,845 | 5,193 |
| – Pension scheme contributions | 70 | 60 |
| | 70 | 60 |

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2022 (31 December 2021: 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 | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Loss for the period/year attributable to owners of the Company for the purpose of basic loss per share | (42,707) | (46,093) |
| Number of shares | | |
| | 2022 | 2021 |
| | '000 | '000 |
| Weight average number of ordinary shares for the purpose of basic loss per share | 10,971,634 | 10,971,634 |

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 2022 of HK\$4.64 cents (30 June 2022: HK\$5.22 cents) and 10,971,634,030 ordinary shares in issue as at 31 December 2022 (30 June 2022: 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\$42,707,000 for the six months ended 31 December 2022 (the "Period"), as compared to a loss of HK\$46,093,000 for the same period last year. The loss was mainly attributable to the fair value loss of approximately HK\$16,479,000 on listed investments at FVTPL and the fair value loss of approximately HK\$18,499,000 on unlisted investments at FVTPL.

LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total loss of HK\$25,387,000 on listed securities business. No dividend income from listed investments was recorded for the Period (31 December 2021: HK\$181,000).

As at 31 December 2022, the market value of the listed securities amounted to HK\$42,672,000 (30 June 2022: HK\$69,383,000). 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 2022 <i>HK\$'000</i> | Dividend received/receivable during the Period <i>HK\$'000</i> | % to the Group's net assets as at 31 December 2022 | 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 | 9,063,000 | 0.44% | 3,580 | - | 0.66% | 10,564 | 1,324 | (9,240) |
| 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% | 39,092 | - | 7.20% | - | - | - |
| | | | | <u>42,672</u> | <u>-</u> | | | | |

UNLISTED INVESTMENT REVIEW

For the Period, the total loss on the Group's unlisted investment portfolio recorded as HK\$19,726,000 (31 December 2021: HK\$52,037,000). The loss was mainly attributable to the decrease in fair value of small loan companies and clean energy companies. No dividend income was recorded for the six months ended 31 December 2022 and 2021.

The fair value of the Group's unlisted investments decreased by 6.13% to HK\$456,928,000 (30 June 2022: HK\$486,785,000).

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 2022 HK\$'000 | % to the Group's net assets as at 31 December 2022 |
|---|-------|-------------------------------|----------------------------|---|------------------|--|--|
| Micro-loan service | | | | | | | |
| 1 | | Tianjin | 30% | Provision of small loan and financial consultation services | 36,606 | 872 | 0.16% |
| 2 | | Tianjin | 10% | Provision of small loan and financial consultation services | 12,189 | 2,912 | 0.54% |
| 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 | 599 | 0.11% |
| 5 | | Ziyang, Sichuan Province | 30% | Provision of small loan and financial consultation services | 73,730 | – | – |
| 6 | | Nanjing, Jiangsu Province | 30% | Provision of small loan and financial consultation service | 36,673 | 2,321 | 0.43% |
| | | | | Sub-total: | <u>208,162</u> | <u>6,704</u> | |
| Guarantee Service | | | | | | | |
| 7 | (2) | Nanchang, Jiangxi Province | 2.06% | Provision of financing guarantees to small and medium enterprises | 43,150 | 34,122 | 6.29% |
| Investment and management consultation service | | | | | | | |
| 8 | | Shenzhen, Guangdong Province | 30% | Provision of consultation services on project investments | 18,350 | – | – |
| 9 | | Xi'an, Shaanxi Province | 30% | Provision of financial management services | 18,724 | 1,697 | 0.31% |
| | | | | Sub-total: | <u>37,074</u> | <u>1,697</u> | |
| Clean energy | | | | | | | |
| 10 | (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 | 119,338 | 21.99% |
| 11 | (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 | 28,411 | 5.24% |

| Name of company | Notes | Location | Group's effective interest | Business nature | Cost HK\$'000 | Fair value at 31 December 2022 HK\$'000 | % to the Group's net assets as at 31 December 2022 |
|-----------------|-------|--------------------|----------------------------|---|------------------|---|--|
| 12 | (5) | Henan Province | 30% | Biotechnology and ethanol bio-chemical product development and production of ethanol chemical products | 150,065 | 28,199 | 5.20% |
| 13 | (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 | 83,739 | 15.43% |
| 14 | (7) | Guangdong Province | 5% | Ethanol products transportation, development, trading and consultation service | 5,952 | 6,481 | 1.19% |
| 15 | (8) | Henan Province | 30% | Engage in petrol station operation | 52,084 | 51,093 | 9.42% |
| 16 | (8) | Henan Province | 30% | Engage in biotechnology and ethanol bio-chemical product development and production of ethanol chemical products | 52,084 | 42,225 | 7.78% |
| | | | | | 659,598 | 359,486 | |
| Others | | | | | | | |
| 17 | (9) | 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 | 54,919 | 10.12% |
| | | | | Total: | 1,013,384 | 456,928 | |

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 2022 and 2021. As at 31 December 2022, in the opinion of the Directors of the Company, this disposal transaction has not 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) On 23 January 2019, Keyi invested in a 30% equity interest of South China New Energy with the capital contribution of RMB45,000,000.
- (5) 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 the 30% equity interest of Mengzhou Houyuan.
- (6) In August 2019, Keyi 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 injected RMB105,000,000 for acquiring 30% of Keyi Huirui’s equity interest. 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.
- (8) On 16 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.
- (9) On 18 June 2020, Keyi entered into the capital increase agreement with Jusheng Light Alloy to inject capital contribution of RMB60,000,000 into Jusheng Light Alloy for acquiring 30% of Jusheng Light Alloy’s equity interest.

PROSPECT

The Company is expected to continue to focus on China’s clean energy sector with the aim to maximize value for the Shareholders.

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 31 December 2022, the Group had cash and cash equivalents of HK\$763,000 (30 June 2022: HK\$39,600,000). 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 2022 was approximately 2.07 times (30 June 2022: 2.84 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2022 was approximately 6.26% (30 June 2022: 5.52%).

The Group did not have any bank borrowing as at 31 December 2022 (30 June 2022: Nil). The Group did not have any capital commitments as at 31 December 2022 (30 June 2022: Nil).

INTERIM DIVIDEND

The Board of the Directors does not recommend any payment of interim dividend for the Period (31 December 2021: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022.

CAPITAL STRUCTURE

As at 31 December 2022, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$508,486,000 (30 June 2022: HK\$572,789,000) and approximately 10,971,634,030 (30 June 2022: 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 2022, the Group had 8 employees (including Directors). The total staff cost (including Directors' remuneration) of the Group for the Period was HK\$4,915,000 (31 December 2021: HK\$5,253,000). 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, 28 February 2023

As at the date of this announcement, the executive Director is Mr. Du Lin Dong, the non-executive Director is Ms. Chen Xi and the independent non-executive Directors are Mr. Zhang Jing, Mr. Zeng Xianggao and Mr. Wong Lok Man.