

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA INTERNET INVESTMENT FINANCE HOLDINGS LIMITED

中國互聯網投資金融集團有限公司

(Continued into Bermuda with limited liability)

(Stock Code: 810)

PROPOSED CAPITAL REORGANISATION

Financial Adviser



KINGSTON CORPORATE FINANCE

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation by which every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$1.00 each;
- (ii) the Capital Reduction which will be effected immediately upon the Share Consolidation becoming effective and by which the par value of all the then issued and unissued Consolidated Shares shall be reduced from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of all the then Consolidated Shares and the authorised share capital of the Company would be reduced from HK\$200,000,000 divided into 200,000,000 Consolidated Shares to HK\$2,000,000 divided into 200,000,000 Adjusted Shares;
- (iii) the Reduction of Share Premium Account, being the reduction of the entire amount standing to the credit of the share premium account of the Company;

- (iv) the Credit Transfer which will be effected immediately upon the Capital Reduction and the Reduction of Share Premium Account becoming effective and by which (a) the credit arising from the Capital Reduction in the amount equal to the product of the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.99; and (b) the amount arising from Reduction of Share Premium Account will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company; and
- (v) the Capital Increase (to be effected upon the Capital Reduction becoming effective) will involve the increase of the authorised share capital of the Company from HK\$2,000,000 divided into 200,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

WARNING

Shareholders and potential investors of the Company should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”.

Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, amongst other things, (i) further details of the Capital Reorganisation; and (ii) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Thursday, 18 February 2021.

PROPOSED CAPITAL REORGANISATION

Capital Reorganisation

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation by which every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$1.00 each;
- (ii) the Capital Reduction which will be effected immediately upon the Share Consolidation becoming effective and by which the par value of all the then issued and unissued Consolidated Shares shall be reduced from HK\$1.00 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of all the then Consolidated Shares and the authorised share capital of the Company would be reduced from HK\$200,000,000 divided into 200,000,000 Consolidated Shares to HK\$2,000,000 divided into 200,000,000 Adjusted Shares;
- (iii) the Reduction of Share Premium Account, being the reduction of the entire amount standing to the credit of the share premium account of the Company;
- (iv) the Credit Transfer which will be effected immediately upon the Capital Reduction and the Reduction of Share Premium Account becoming effective and by which (a) the credit arising from the Capital Reduction in the amount equal to the product of the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.99; and (b) the amount arising from Reduction of Share Premium Account will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company; and
- (v) the Capital Increase (to be effected upon the Capital Reduction becoming effective) will involve the increase of the authorised share capital of the Company from HK\$2,000,000 divided into 200,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Existing Shares of par value of HK\$0.10 each, and there are 942,821,250 Existing Shares in issue which are fully paid or credited as fully paid.

Following the Capital Reorganisation becoming effective, the authorised share capital of the Company would be HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares of HK\$0.01 each.

Effects of the Capital Reorganisation

Upon the Capital Reorganisation becoming effective, the Adjusted Shares shall rank pari passu in all respects with each other.

Other than the relevant expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution(s) by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and
- (iii) compliance with the Companies Act to effect the Capital Reorganisation.

The Capital Reorganisation is expected to become effective on Wednesday, 17 March 2021 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Capital Reorganisation being effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding options granted under the Share Option Scheme to subscribe for 15,600,000 Existing Shares. In accordance with the terms of the Share Option Scheme, adjustments (if any) will be made in respect of the outstanding options as a result of the Capital Reorganisation. The Company will make further announcement(s) about the adjustments as and when appropriate.

REASONS FOR THE CAPITAL REORGANISATION

In light of the market price of the Shares persistently below the par value for a certain period of time, the Board proposed to implement the Capital Reorganisation, which includes, amongst others, the Share Consolidation and the Capital Reduction to resume its capability of conducting equity fund raising in a simple and expedient way.

The Capital Reduction

As at the date of this announcement, the latest closing price of the Shares is HK\$0.065, which is at a discount of 35% to the par value of HK\$0.10. The Shares have been trading below par value for more than two (2) months. Pursuant to the Bye-laws, the Company is prohibited from issuing new shares at a price below par value. Accordingly, the Company is persistently facing a situation where the Company has been unable to proceed with any equity fund raising.

Pursuant to Rule 13.36 of the Listing Rules, the Company is allowed to issue shares for cash under the general mandate at a price with a maximum discount of not more than 20% to the benchmarked price. With its existing par value at HK\$0.10, the Company would only have been able to make use of such a discount buffer for issuing shares under the general mandate had the trading price of the Shares been at HK\$0.125. The Shares have been trading below HK\$0.125 for more than ten (10) months, save for not more than 14 trading days during such period.

By the same token, the Board is allowed to launch a rights issue, which would not increase the number of issued shares by more than 50%, to replenish its capital base and pursuant to Rules 7.19A and 7.27B of the Listing Rules, for the 1-for-2 rights issue, the subscription price should be less than 75% discount to the benchmarked price. Again, with its existing par value of HK\$0.10, the Company would only have been able to make use of such a maximum discount buffer under 1-for-2 rights issue had the trading price of the Shares been at HK\$0.40. The Shares have been trading below HK\$0.40 for more than 12 months.

As at the date of this announcement, the Board has no plan on any equity fund raising exercises. However, the Board is obliged to ensure that the interest of the Company and the Shareholders as a whole is well protected, and that the Company is never deprived of the right to maintain its flexibility and capability to proceed with any equity fund raising as and when necessary in compliance with the Listing Rules. Therefore, the Board proposed to lower the par value of Shares by the Capital Reduction.

The Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued and updated by the Stock Exchange, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Given that the Shares have been trading below HK\$0.10 for more than two (2) months with the latest closing price of HK\$0.065 as at the date of this announcement, the price should be considered as trading at extremity as referred to Rule 13.64 of the Listing Rules. It is noted that under the current practice, the listing approval may not be granted for any issue of new shares at this price range, and that the Board is obliged to proceed with share consolidation.

In addition, the board lot value of the Shares is HK\$390 which is below HK\$2,000. Should the board lot value be changed to top up to not less than HK\$2,000, then the current board lot of 6,000 Shares must be changed to 36,000 Shares. The only change in board lot size will also have the same odd lot impact as the Share Consolidation. Worse still, simply changing the board lot size does not remedy the situation of the price extremity that may limit the granting of listing approval in future.

Therefore, the Board recommended the Share Consolidation such that the trading price of the Shares be at a level with sufficient buffer above HK\$0.10.

The Reduction of Share Premium Account, the Credit Transfer and the Capital Increase

After the Capital Reduction, the Reduction of Share Premium Account and the Credit Transfer becoming effective, the credit arising would be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company and accordingly, the Company would have greater flexibility in declaring dividends for the benefit of its Shareholders in future as

and when appropriate. And by implementing the Capital Increase, the authorised share capital of the Company will be resumed to HK\$200,000,000, which would be divided into 20,000,000,000 Adjusted Shares.

Other Factors taken into account for proceeding with the Capital Reorganisation

Prior to proceeding with the Capital Reorganisation, the Board has considered all the relevant factors and taken reasonable steps to ensure that the proposal can serve its purpose and is the best interest of the Company and its Shareholders.

1. *Proposed Share Consolidation is justifiable in light of the potential costs and negative impact arising from creation of odd lots to the Shareholders*

In order to minimise the odd lots arising from the Share Consolidation, the Board proposed to keep the same board lot size, which is 6,000 Shares per board lot. The Board understands that, for those whose shareholding is less than 10 board lots, there shall be odd lots created from the Share Consolidation and, with a designated broker to provide odd lot matching services for more than three weeks, the negative impact shall be limited.

2. *Low frequency of share consolidation and no effect of offsetting the intention of any prior, or other simultaneous corporate actions*

The last time the Company carried out share consolidation was in the year of 2015. The frequency of share consolidation is very low. It demonstrates that the Board is very prudent in making a proposal of capital reorganisation. The Capital Reorganisation shall have no effect of offsetting the intention of any prior, or other simultaneous corporate actions.

3. *Share trading price of the Company below par value of HK\$0.10 being not temporary*

As mentioned above, the trading price of Shares have been persistently trading below par for more than two (2) months and there is a downward trend of the share price with the latest closing price as at the date of this announcement being HK\$0.065.

4. *Minimising the cost and negative effect on the Shareholders and to conduct corporate actions in orderly manner*

Pursuant to Rule 13.64 of the Listing Rules, and the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued and updated by the Stock Exchange, the Board is convinced that share consolidation is necessary in conjunction with the Capital Reduction. Should the Share Consolidation be postponed to some time in future, the cost of separately conducting the Share Consolidation and the Capital Reduction (including the professional advisers’ fee, financial printing and publication of announcements and circular fees etc.) will be greater than the costs of simultaneously conducting both the Capital Reduction and the Share Consolidation. The costs shall

be borne by the Company and ultimately by the Shareholders. Moreover, conducting the Share Consolidation and the Capital Reduction separately would create more trading arrangement issues which may have negative impact on the Shareholders and the market orders.

Balancing the pros and cons, it is justifiable and in the best interest of the Company and its Shareholders that the Share Consolidation should proceed simultaneously with the Capital Reduction.

5. *No other available alternative proposals could achieve the intended purpose*

The Board tried to explore alternative proposals and found that, save for the Share Consolidation, none of the proposals can serve the purpose of increasing the trading price of the Shares to a level to avoid the issues under Rule 13.64 of the Listing Rules and resume the Company's capability of conducting equity fund raising in a simple and expedient way.

6. *Capital Reorganisation will be subject to the Shareholders' approval*

The Capital Reorganisation proposed to the Shareholders will be subject to the Shareholders' approval at the SGM. The Board considers that the benefits of the proposal of the Capital Reorganisation outweighs its implementation cost, and that the Shareholders should be given a chance of vote at the SGM.

As such, the Board considered that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention or plan (initial or concrete) or otherwise to foresee to undertake in the next 12 months any equity fundraising or corporate actions or arrangements that may or may not have an effect of offsetting the Share Consolidation.

The Board will from time to time review the Group's business and operations and make plans for expanding the Group and strengthening its financial and operation positions.

OTHER ARRANGEMENTS

Board Lot Size

Upon the Capital Reorganisation becoming effective, the board lot size of the Adjusted Shares for trading on the Stock Exchange will remain unchanged at 6,000 Adjusted Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

Fractional Entitlement to Adjusted Shares

Fractional Adjusted Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of Share Certificates for Adjusted Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Wednesday, 17 March 2021, being the second Business Day immediately after the date of the SGM, the Shareholders may during the period from Wednesday, 17 March 2021 to Tuesday, 27 April 2021 (both days inclusive) submit existing share certificates for the Existing Shares (in the color of purple) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the Adjusted Shares (in the color of blue) at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:30 p.m. on Tuesday, 27 April 2021, trading will only be in Adjusted Shares. Existing share certificates in purple color for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the implementation of Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and date
-------	---------------

Expected despatch date of the circular, proxy form and notice of the SGM	Thursday, 18 February 2021
---	----------------------------

Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Monday, 8 March 2021
---	--------------------------------------

Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Tuesday, 9 March 2021 to Monday, 15 March 2021
---	---

Latest time for lodging forms of proxy for the SGM	11:30 a.m. on Saturday, 13 March 2021
---	--

Expected time and date of the SGM	11:30 a.m. on Monday, 15 March 2021
---	--

Publication of announcement of the poll results of the SGM	Monday, 15 March 2021
---	-----------------------

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Effective date of the Capital Reorganisation.	9:00 a.m. on Wednesday, 17 March 2021
---	--

First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares.	Wednesday, 17 March 2021
---	--------------------------

Commencement of dealings in the Adjusted Shares	9:00 a.m. on Wednesday, 17 March 2021
---	--

Event	Time and date
Original counter for trading in the Existing Shares in board lots of 6,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 17 March 2021
Temporary counter for trading in the Consolidated Adjusted Shares in board lot size of 600 Adjusted Shares (in the form of existing share certificates) opens.....	9:00 a.m. on Wednesday, 17 March 2021
Original counter for trading in the Adjusted Shares in board lots of 6,000 Adjusted Shares (in the form of new share certificates for Adjusted Shares) re-opens.....	9:00 a.m. on Wednesday, 31 March 2021
Parallel trading in the Adjusted Shares (in form of new and existing share certificates) commences	9:00 a.m. on Wednesday, 31 March 2021
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	Wednesday, 31 March 2021
Temporary counter for trading in the Adjusted Shares in board lot size of 600 Adjusted Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Friday, 23 April 2021
Parallel trading in the Adjusted Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Friday, 23 April 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Friday, 23 April 2021
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	4:30 p.m. on Tuesday, 27 April 2021

WARNING

Shareholders and potential investors of the Company should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”.

Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice of the SGM is expected to be despatched to the Shareholders on or before Thursday, 18 February 2021.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Adjusted Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Board”	the board of Directors
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“Capital Increase”	the proposed increase of the authorised share capital of the Company as detailed in the section headed “Proposed Capital Reorganisation” of this announcement
“Capital Reduction”	the proposed reduction in the issued share capital of the Company as detailed in the section headed “Proposed Capital Reorganisation” of this announcement
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction, the Reduction of Share Premium Account, the Credit Transfer and the Capital Increase
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	China Internet Investment Finance Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock code: 810)
“Consolidated Shares”	ordinary share(s) of par value of HK\$1.00 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction
“Credit Transfer”	transferring (a) the credit arising from the Capital Reduction in the amount equal to the product of the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.99; and (b) the amount arising from the Reduction of Share Premium Account to the contributed surplus account of the Company
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the existing capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reduction of Share Premium Account”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“SGM”	the special general meeting of the Company to be held to consider the special resolution to be proposed to approve the Capital Reorganisation
“Share(s)”	the shares of the Company from time to time

“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 31 July 2012
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 January 2021

As at the date of this announcement, the executive director of the Company is Mr. Lee Kwok Leung; the non-executive director of the Company is Dr. Lam Man Chan; and the independent non-executive directors of the Company are Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng.