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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Internet Investment Finance Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### CHINA INTERNET INVESTMENT FINANCE HOLDINGS LIMITED 中國互聯網投資金融集團有限公司

*(Continued into Bermuda with limited liability)*

**(Stock Code: 810)**

## PROPOSED CAPITAL REORGANISATION AND NOTICE OF THE SPECIAL GENERAL MEETING

Financial Adviser



### KINGSTON CORPORATE FINANCE

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Capitalised terms used in this cover page should have the same meaning as those defined in this circular. A notice convening the special general meeting to be held on Monday, 15 March 2021 at 11:30 a.m. at Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong (the “SGM”) is set out on pages 28 to 30 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

In compliance with the Hong Kong Government’s directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (“COVID-19”), the Company will implement the following precautionary measures at the SGM including, without limitation:

- compulsory body temperature screening;
- wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- mandatory health declaration — anyone subject to the Hong Kong Government’s prescribed quarantine or who has travelled overseas within 14 days immediately before the date of the SGM will be denied entry into the SGM venue; and
- appropriate seating arrangement in line with the guidance from the Hong Kong Government will be made.

The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution as an alternative to attending the SGM in person. Shareholders are advised to read page 1 of this circular for further details and monitor the development of COVID-19.

18 February 2021

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## PRECAUTIONARY MEASURES FOR THE SGM

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In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health ("CHP") on the prevention of COVID-19, the Company will implement precautionary measures at the SGM in the interests of the health and safety of our shareholders, investors, directors, staff and other participants of the SGM (the "Stakeholders") which include without limitation:

- (1) Every attendee will be required to wear a surgical face mask throughout the SGM and inside the SGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (2) There will be compulsory body temperature screening for all persons before entering the SGM venue. Any person with a body temperature of 37.3 degrees Celsius or above or any person which exhibits any flu-like symptoms may be denied entry to the SGM venue or be required to promptly leave the SGM venue.
- (3) No refreshment will be served, and there will be no corporate gift.
- (4) Attendees may be asked (i) if he/she has travelled outside of Hong Kong within 14 days immediately before the SGM; and (ii) if he/she is subject to any Hong Kong Government prescribed quarantine requirement. Any person who responds positively to any of these questions will be denied entry into the SGM venue.
- (5) Anyone attending the SGM is reminded to observe good personal hygiene at all times.
- (6) Appropriate seating arrangement at the SGM venue in line with the guidance from the Hong Kong Government will be made.
- (7) In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and reminds Shareholders that physical attendance in the SGM is not necessary for the purpose of exercising voting rights. The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution as an alternative to attending the SGM in person.
- (8) Shareholders are advised to monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
- (9) Health education materials and up-to-date development on COVID-19 can be found on the CHP website ([www.chp.gov.hk](http://www.chp.gov.hk)) and the website of the Hong Kong Government on COVID-19 ([www.coronavirus.gov.hk](http://www.coronavirus.gov.hk)).

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## EXPECTED TIMETABLE

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*The expected timetable for implementation of the Capital Reorganisation is as follows:*

<b>Event</b>	<b>Time and date</b>
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:*

<b>Event</b>	<b>Time and date</b>
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
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 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

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## EXPECTED TIMETABLE

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Event	Time and date
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 share certificates 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 Adjust 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

**All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.**

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## DEFINITIONS

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*In this circular, 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 “THE PROPOSED CAPITAL REORGANISATION” of this circular
“Capital Reduction”	the proposed reduction in the issued share capital of the Company as detailed in the section headed “THE PROPOSED CAPITAL REORGANISATION” of this circular
“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 continued into 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

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## DEFINITIONS

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“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the existing share 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 PRC
“Investment Management Agreement”	the investment management agreement dated 21 January 2021 entered into between the Company and the Investment Manager
“Investment Manager”	Success Advance Investments Limited, a company incorporated in Hong Kong with limited liabilities and a corporation licensed to carry on Type 9 (Asset Management) and Type 4 (Advising on Securities) regulated activities under the SFO, being the investment manager of the Company
“Latest Practicable Date”	9 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining information contain herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Reduction of Share Premium Account”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on Monday, 15 March 2021 at 11:30 a.m. for the purpose of considering and if thought fit, approving the special resolution proposed in this circular to approve the Capital Reorganisation
“Share(s)”	the shares of the Company from time to time

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## DEFINITIONS

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“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
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent.



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## LETTER FROM THE BOARD

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### CHINA INTERNET INVESTMENT FINANCE HOLDINGS LIMITED 中國互聯網投資金融集團有限公司

*(Continued into Bermuda with limited liabilities)*

**(Stock Code: 810)**

*Chairman and Non-executive Director:*  
Dr. Lam Man Chan

*Executive Director:*  
Mr. Lee Kwok Leung

*Independent Non-executive Directors:*  
Dr. Ng Chi Yeung, Simon  
Mr. Tam Yuk Sang, Sammy  
Ms. Florence Ng

*Registered office:*  
Victoria Place,  
5th Floor, 31 Victoria Street,  
Hamilton HM 10, Bermuda

*Head office and principal  
place of business:*  
Flat 18, 9/F., Block B,  
Focal Industrial Centre,  
21 Man Lok Street,  
Hunghom, Kowloon,  
Hong Kong

18 February 2021

*To the Shareholders*

Dear Sir or Madam,

## **PROPOSED CAPITAL REORGANISATION AND NOTICE OF THE SPECIAL GENERAL MEETING**

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 29 January 2021.

The purpose of this circular is to provide you with, among other things, details of the Capital Reorganisation and the notice of SGM.

### **THE 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

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## LETTER FROM THE BOARD

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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 Latest Practicable Date, 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, and, assuming no change in the issued share capital of the Company from the Latest Practicable Date up to immediately before the Capital Reorganisation becoming effective, there will be 94,282,125 Adjusted Shares in issue which are fully paid or credited as fully paid.

### **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.

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## LETTER FROM THE BOARD

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### **Conditions of the Capital Reorganisation**

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution 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 has been 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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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Save as disclosed above, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Adjusted Shares, as at the Latest Practicable Date.

### 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 Latest Practicable Date, the latest closing price of the Shares is HK\$0.048, which is at a discount of 52% to the par value of HK\$0.10. The Shares have been trading below par value for more than three (3) 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 11 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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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### **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 three (3) months with the latest closing price of HK\$0.048 as at the Latest Practicable Date, 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\$288 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 42,000 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.

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## LETTER FROM THE BOARD

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***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 three (3) months and there is a downward trend of the share price with the latest closing price as at the Latest Practicable Date being HK\$0.048.

***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.

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## LETTER FROM THE BOARD

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### ***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 Latest Practicable Date, 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 has appointed Kingston Securities Limited 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 during the period from 9:00 a.m. on Wednesday, 31 March 2021 to 4:00 p.m. on Friday, 23 April 2021. Shareholders who wish to take advantage of this service should contact Mr. James Lee of Kingston Securities Limited at telephone number (+852) 2298 6228 during office hours of such period.

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## LETTER FROM THE BOARD

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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.

### **Book closure for determining entitlements to attend and vote at the SGM**

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 9 March 2021 to Monday, 15 March 2021, both days inclusive. In order to be eligible to attend and vote at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 March 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.**



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## LETTER FROM THE BOARD

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### SGM

The SGM will be convened and held at Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on Monday, 15 March 2021 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the proposed Capital Reorganisation.

Pursuant to Rule 13.39(4) of the Listing Rules and/or the Bye-laws, the voting on the proposed resolution set out in the notice of the SGM will be taken by way of a poll and an announcement on the poll results will be published by the Company on the websites of the Stock Exchange and the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules after the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution to be proposed at the SGM.

A notice convening the SGM is set out on pages 28 to 30 of this circular. A form of proxy for use by the Shareholders at the SGM or any adjourned meeting is also enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish and in such event the instrument appointing a proxy shall be deemed to be revoked.

### RECOMMENDATION

The Directors are of the opinion that the proposed Capital Reorganisation are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favour of the special resolution to be proposed at the SGM approving the proposed Capital Reorganisation.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors, as well as the directors of the Investment Manager, collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

*This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of the Company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.*

## INVESTMENT PORTFOLIO

Set out below are the details of the ten major investments of the Group as at 30 June 2020, which include all investments with a value of more than 5% of the Group's gross assets as at 30 June 2020.

Name of investee company	Stock code	Number of shares held	Effective shareholding interest <i>Approximate %</i>	Investment cost <i>HK\$'000</i>	Market value/Fair value as at 30 June 2020 <i>HK\$'000</i>	Unrealised holding gain/(loss) arising on valuation <i>HK\$'000</i>	Net assets attributable to the Group <i>(Note 11)</i> <i>HK\$'000</i>	Dividend/interest received <i>HK\$'000</i>
<i>Listed equity securities</i>								
China Oriented International Limited ("China Oriented") (Note 1)	1871.HK	42,000,000	10.50	12,700	11,550	(1,150)	23,140	—
Miji International Holdings Limited ("Miji International") (Note 2)	1715.HK	44,500,000	2.97	18,040	11,125	(6,915)	6,266	—
Tencent Holdings Limited ("Tencent") (Note 3)	0700.HK	20,000	0.00	7,740	9,972	2,232	1,109	30
Alibaba Group Holdings Limited ("Alibaba Group") (Note 4)	9988.HK	35,000	0.00	6,974	7,336	362	10,961	—
Huasheng International Holdings Limited (formerly known as Newtree Group Holdings Limited) ("Huasheng International") (Note 5)	1323.HK	7,410,000	0.22	3,180	4,372	1,192	1,648	—
Lamtex Holdings Limited ("Lamtex") (Note 6)	1041.HK	47,100,000	2.66	14,856	3,391	(11,465)	8,707	—
Smart-Core Holdings Limited ("Smart-Core") (Note 7)	2166.HK	2,202,000	0.45	4,030	2,885	(1,145)	2,823	—
Sands China Limited ("Sands China") (Note 8)	1928.HK	90,000	0.00	2,979	2,736	(243)	382	89
Bank of China Limited ("BOC") (Note 9)	3988.HK	820,000	0.00	3,108	2,353	(755)	5,968	—
<i>Unlisted equity-linked note</i>								
Goldman Sachs International, London, UK ("Goldman Sachs") (Note 10)	N/A	N/A	N/A	4,000	2,640	(1,360)	N/A	133

### Notes:

- China Oriented and its subsidiaries are principally engaged in the provision of driving training services in the PRC. Pursuant to the financial statements of China Oriented, it recorded an unaudited net loss of approximately RMB2,881,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB19,084,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB200,423,000 as at 30 June 2020 and an audited net assets value of approximately RMB203,304,000 as at 31 December 2019.

2. Miji International and its subsidiaries are principally engaged in the manufacturing and trading of premium kitchen appliances in PRC. Its products mainly include radiant and induction hobs and stove. Pursuant to the financial statements of Miji International, it recorded an unaudited net loss of approximately RMB12,334,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB19,897,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB182,523,000 as at 30 June 2020 and an audited net assets value of approximately RMB194,842,000 as at 31 December 2019.
3. Tencent and its subsidiaries are principally engaged in the provision of value-added services, fintech and business services and online advertising services. Pursuant to the financial statements of Tencent, it recorded an unaudited net profit of approximately RMB61,857,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB95,888,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB606,273,000,000 as at 30 June 2020 and an audited net assets value of approximately RMB488,824,000,000 as at 31 December 2019.
4. Alibaba Group and its subsidiaries are principally engaged in core commerce, cloud computing, digital media and entertainment, and innovation initiatives. Pursuant to the financial statements of Alibaba Group, it recorded an unaudited net profit of approximately RMB72,961,000,000 for the six months ended 30 September 2020 and an audited net profit of approximately RMB140,350,000,000 for the year ended 31 March 2020 and an unaudited net assets value of approximately RMB973,190,000,000 as at 30 September 2020 and an audited net assets value of approximately RMB870,548,000,000 as at 31 March 2020.
5. Huasheng International and its subsidiaries are mainly engaged in the (i) wholesale and retails of household consumables; (ii) design and development of three-dimensional animations, augmented reality technology application and e-learning web application; (iii) provision of educational technology solutions through online education programs and provision of English language proficiency tests; and (iv) provision of money lending services. Pursuant to the financial statements of Huasheng International, it recorded an unaudited net profit of approximately HK\$9,456,000 for the six months ended 30 September 2020 and an audited net loss of approximately HK\$78,192,000 for the year ended 31 March 2020 and an unaudited net assets value of approximately HK\$777,128,000 as at 30 September 2020 and an audited net assets value of approximately HK\$734,554,000 as at 31 March 2020.
6. Lamtex and its subsidiaries are principally engaged in trading and manufacturing of electronics products, securities trading and investment, securities brokerage and provision of securities margin finance and hotel operation. Given a series of issues (the “Issues”) happen on the Lamtex, as at the Latest Practicable Date, the share trading of Lamtex has been suspended since 3 August 2020 and Lamtex has not updated its financial performance for the current financial year. Pursuant to the latest financial statements of Lamtex issued on 31 March 2020, it recorded an unaudited net loss of approximately HK\$294,279,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately HK\$327,095,000 as at 31 December 2019. For further information regarding the Issues, please refer to the publication of Lamtex issued at its official website or the website of Stock Exchange.
7. Smart-Core and its subsidiaries are principally engaged in the trading of electronic component. Pursuant to the financial statements of Smart-Core, it recorded an unaudited net profit of approximately HK\$34,840,000 for the six months ended 30 June 2020 and an audited net profit of approximately HK\$61,775,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately HK\$657,014,000 as at 30 June 2020 and an audited net assets value of approximately HK\$631,996,000 as at 31 December 2019.

8. Sands China and its subsidiaries are principally engaged in operation of casino games of chance or games of other forms and the development and operation of integrated resorts and other ancillary services in Macau. Pursuant to the financial statements of Sands China, it recorded an unaudited net loss of approximately USD716,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately USD2,033,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately USD2,729,000,000 as at 30 June 2020 and an audited net assets value of approximately USD4,446,000,000 as at 31 December 2019.
9. BOC's major operations comprise corporate banking, treasury operations and personal banking in the PRC. Pursuant to the financial statements of BOC, it recorded an unaudited net profit of approximately RMB107,812,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB201,891,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB2,088,613,000,000 as at 30 June 2020 and an audited net assets value of approximately RMB1,976,696,000,000 as at 31 December 2019.
10. Unlisted equity-linked note issued by Goldman Sachs International, London, UK, in the nominal amount of HK\$4,000,000 was invested by the Company and offered a coupon of 8% per annum. The note was linked to a basket of Hong Kong listed stocks, including HSBC Holdings Plc ("HSBC") (stock code: 0005.HK), China Construction Bank Corporation ("CCB") (stock code: 0939.HK), Industrial and Commercial Bank of China Limited ("ICBC") (stock code: 1398.HK) and BOC (stock code: 3988.HK). For the HSBC, CCB and ICBC, their information is listed below. For BOC, please refer to note 9 above. The note had a fixed term of nine months.
  - 10.1 HSBC's business can be segmented into: (i) retail banking and wealth management; (ii) commercial banking; (iii) global private banking; and (iv) global banking markets. Pursuant to the financial statements of HSBC, it recorded an unaudited net profit of approximately USD3,125,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately USD8,708,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately USD195,221,000,000 as at 30 June 2020 and an audited net assets value of approximately USD192,668,000,000 as at 31 December 2019.
  - 10.2 CCB's major operations comprise corporate banking, treasury business and personal banking in the PRC. Pursuant to the financial statements of CCB, it recorded an unaudited net profit of approximately RMB138,939,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB269,222,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB2,301,317,000,000 as at 30 June 2020 and an audited net assets value of approximately RMB2,235,127,000,000 as at 31 December 2019.
  - 10.3 ICBC's major operations mainly comprise corporate banking, personal banking and treasury operations in the PRC. Pursuant to the financial statements of ICBC, it recorded an unaudited net profit of approximately RMB149,796,000,000 for the six months ended 30 June 2020 and an audited net profit of approximately RMB313,361,000,000 for the year ended 31 December 2019 and an unaudited net assets value of approximately RMB2,746,756,000,000 as at 30 June 2020 and an audited net assets value of approximately RMB2,692,003,000,000 as at 31 December 2019.
11. Net asset attributable to the Group is calculated as net asset according to the then latest published financial statement of investee company multiplied by the effective shareholding interest held by the Group as at 30 June 2020.
12. The amounts denominated in RMB are translated into HK\$ at the exchange rate of RMB1.000 = HK\$1.084 and the amounts denominated in USD are translated into HK\$ at the exchange rate of USD1.000 = HK\$7.721.

**PROVISION FOR DIMINUTION**

Given all the existing investments of the Group are primarily financial assets at fair value though profit and loss and debt instruments at fair value though other comprehensive income, there shall be no provision for diminution in value of investments of the Group.

**PARTICULARS OF THE DIRECTORS****(a) Name and address of the Directors**

<b>Name</b>	<b>Address</b>
<i>Chairman and Non-executive Director</i>	
Dr. Lam Man Chan	Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungohm, Kowloon, Hong Kong
<i>Executive Director</i>	
Mr. Lee Kwok Leung	Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungohm, Kowloon, Hong Kong
<i>Independent Non-executive Directors</i>	
Dr. Ng Chi Yeung, Simon	Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungohm, Kowloon, Hong Kong
Mr. Tam Yuk Sang, Sammy	Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungohm, Kowloon, Hong Kong
Ms. Florence Ng	Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungohm, Kowloon, Hong Kong

**(b) Profiles of the Directors***Chairman and Non-executive Director*

**Dr. Lam Man Chan (“Dr. Lam”)**, aged 71, joined the Company on 11 February 2014. He has over 30 years of management experience and in depth knowledge of the electronics industry. He was graduated from the World Electric Engineering College in 1969. Dr. Lam holds an honorary degree of Doctor of Science from Armstrong University in the United States. He is currently the chairman of Ngai Lik Group Limited (“**Ngai Lik**”). He is responsible for the formulation of corporate strategy and overall direction of Ngai Lik. Dr. Lam has invested in different industries, including securities broking, finance business, hotel development, motor cycle business and properties investment. He was granted the Young Industrialist Awards of Hong Kong in 1994 and the World Outstanding Chinese Award in 2005. He was once a standing committee member of Qingyuan Region Committee of the Chinese People’s Political Consultative Conference (“**CPPCC**”) and a committee member of Guangdong Provincial Committee and Dongguan Regional Committee of CPPCC. Dr. Lam had been the chairman and executive director of Ngai Lik Industrial Holdings Limited (now known as Yuan Heng Gas Holdings Limited)(stock code: 332), a company publicly listed on the Stock Exchange, during the period from 1992 to 2010.

*Executive Director*

**Mr. Lee Kwok Leung (“Mr. Lee”)**, aged 67, joined the Company on 8 May 2014, He is a licensed person to carry out Type 9 (Asset Management) and Type 4 (Advising on Securities), both regulated activities under the SFO since 2003 and 2018 respectively.

He has over 15 years of relevant experience by serving as one of the responsible officers of Silverstone Investments Limited (“**Silverstone**”) for Type 9 (Asset Management) for the period from 2003 to December 2020 and licensed representative for Type 4 (Advising on Securities), both regulated activities under SFO for the period from 2018 to December 2020. Silverstone has been the investment manager of the Company for the period from 2015 to December 2020 providing investment advisory services to and managing investment portfolios for the Company.

Mr. Lee is currently the responsible officer of Success Advance Investments Limited (“**Success Advance**”) for Type 9 (Asset Management) and the licensed representative for Type 4 (Advising on Securities), both regulated activities under SFO. Success Advance is the new investment manager of the Company since 25 January 2021 which carries out Type 9 (Asset Management) and Type 4 (Advising on Securities), both regulated activities under SFO, and provides investment advisory services to and managing investment portfolios for the Company.

Mr. Lee has strong experience in portfolio construction, portfolio management, risk assessment and investment due diligence. Furthermore, Mr. Lee had been the Managing Director of BOCI Direct Management Limited from 1992 to 1999. In this private equity fund, he was responsible for the overall management of the fund.

Currently, Mr. Lee is an executive director of Mayer Holdings Limited (stock code: 1116) and an independent non-executive director of Imperial Pacific International Holdings Limited (stock code: 1076), both companies are listed on the Hong Kong Stock Exchange.

*Independent Non-executive Directors*

**Dr. Ng Chi Yeung Simon (“Dr. Ng”)**, aged 63, joined the Company on 26 November 2003. Dr. Ng is a solicitor in Hong Kong (non-practising). He has been a consultant of Rowland Chow, Chan & Company, a law firm in Hong Kong, for the period from 2003 to 31 December 2020.

Dr. Ng holds a bachelor’s of laws degree from the Manchester Metropolitan University in the United Kingdom in 1986, a master degree in Chinese and Comparative Law from the City University of Hong Kong in 1997 and a doctoral degree in worship studies from the Robert Webber Institute for Worship Studies in June 2013.

Dr. Ng has been a Part-time Lecturer of the Department of Professional Legal Education of The University of Hong Kong for the period from September 2013 to December 2020.

Dr. Ng is currently an independent non-executive director of two other publicly listed companies in Hong Kong, namely, Century Sage Scientific Holdings Limited (stock code: 1450) and Winfair Investment Company Limited (stock code: 287).

**Mr. Tam Yuk Sang Sammy (“Mr. Tam”)**, aged 57, joined the Company on 31 December 2013. He graduated from the Hong Kong Polytechnic University in Accountancy and holds a Master of Science degree in Professional Accountancy from University of London. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently the president of Essentack Limited, a corporate strategy and management advisory company. Mr. Tam is currently an independent non-executive director of Huajin International Holdings Limited (stock code: 2738), a company whose shares are listed on the Stock Exchange.

**Ms. Florence Ng (“Ms. Ng”)**, aged 57, joined the Company on 31 December 2013. Ms. Ng is a practising solicitor in Hong Kong since 2011 mainly focus on corporate and commercial practice. Ms. Ng holds a Bachelor of Arts degree from the San Francisco State University, a Bachelor of Laws degree from the University of London and a Master of Laws degree from the City University of Hong Kong. Ms. Ng also holds a Fintech Programme certificate from the University of Oxford.

**INFORMATION ON THE INVESTMENT MANAGER****(a) The information of the Investment Manager**

The Investment Manager, namely Success Advance Investments Limited (“**Success Advance**”), is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 9 (Asset Management) and Type 4 (Advising on Securities) regulated activities under the SFO. The address of the Investment Manager is 19/F, 1 Des Voeux Road West Building, 1 Des Voeux Road West, Sheung Wan, Hong Kong.

**(b) The full names and addresses of the directors of the Investment Manager**

<b>Name</b>	<b>Address</b>
Mr. Lee Wang Ho	19/F, 1 Des Voeux Road West Building, 1 Des Voeux Road West, Sheung Wan, Hong Kong
Mr. Io San Keng	19/F, 1 Des Voeux Road West Building, 1 Des Voeux Road West, Sheung Wan, Hong Kong

**(c) Profiles of the directors of the Investment Manager*****Mr. Lee Wang Ho (“Mr. Samson Lee”)***

Mr. Samson Lee has more than 7 years of experience in professional management of investments on behalf of third party investors and providing advisory services to professional/institutional investors. He joined Success Advance in 2017 as its executive director and a responsible officer. Mr. Samson Lee is a licensed responsible officer of Success Advance for its Type 4 (Advising on Securities) and Type 9 (Asset Management), both regulated activities under the SFO. Mr. Samson Lee has provided investment advisory and portfolio construction and management services to clients of high-net-worth-individuals and professional investors through his roles with Success Advance.

Prior to joining Success Advance, Mr. Samson Lee had been employed by Silverstone Investments Limited, the old investment manager of the Company, during the period from 2013 to 2016 as investment director. During that period, Mr. Samson Lee was primarily responsible for portfolio and project management, portfolio and project review, analysis and evaluation, and investment due diligence for two listed investment companies, namely Earnest Investments Holdings Limited (stock code: 339) and the Company.



Mr. Samson Lee graduated from the Royal Melbourne Institute of Technology with a Bachelor of Design degree in Multimedia Systems in 2010 and from the City University of Hong Kong with a Master of Science degree in Multimedia and Information Technology in 2015. He is a member of the Hong Kong Securities and Investment Institute.

Mr. Samson Lee is the son of Mr. Lee Kwok Leung, the executive director of the Company.

***Mr. Io San Keng (“Mr. Io”)***

Mr. Io is responsible for identifying and establishing strategic goals and objectives for the development of Success Advance. He is also responsible for strategic planning and monitoring of execution of the strategic plan for Success Advance.

Mr. Io graduated from Simon Fraser University, Canada with a Bachelor of Art degree in Economics in 2004.

**(d) Fees payable to the Investment Manager**

The maximum aggregate fee payable by the Company to the Investment Manager under the Investment Management Agreement is investment management fee of HK\$540,000 per annum and reimbursement for all out-of-pocket expenses properly incurred in the proper performance of Investment Manager’s duties under the Investment Management Agreement.

**CUSTODIAN**

Chong Hing Bank Limited, whose address is at Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the custodian.

Pursuant to the custodian agreement effective from 19 November 2015, the Company will pay the custodian such reasonable fees, costs and expenses in respect of the custodian account as may from time to time be prescribed by the custodian. All fees, costs and expenses of the custodian shall accrue on a daily basis. The Company also agrees to pay all costs, taxes, expenses and fees (including any applicable fees of any clearing house) in connection with or arising out of the operation of the custodian account.

The Directors confirm that none of the directors of the Company, the Investment Manager, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

**RISK FACTORS OF INVESTING IN THE COMPANY**

The Company is an investment company with the primary objective of achieving capital appreciation as well as generating income from interests and dividends by investing in listed and unlisted companies in the PRC, Hong Kong and Macau (collectively, “**Greater China**”) and any other countries as the Board may direct from time to time. These investments will be subject to market fluctuations and the risks inherent in all investments. Investors should also be aware that the Company’s income and its net assets value may be adversely affected by external factors beyond the control of the Company. As a result, the Company’s operating results and its net assets value may go down as well as up, subject to, among other factors, the prevailing market condition.

**INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS****Objectives**

The Company is an investment company with the primary objective of achieving capital appreciation as well as generating income from interests and dividends by investing in listed and unlisted companies in the Greater China and any other countries as the Board may direct from time to time. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

**Policies**

The Group has adopted a diversified investment approach and has added the use of derivatives for the purposes of hedging the investment portfolio. Below are the key details of policies:

1. Investment will normally be made in the form of equity securities, equity related securities (including but not limited to convertible notes, preference shares, options, warrants and/or futures contracts) and/or debt securities in listed and unlisted companies in Greater China and other countries engaged in different industries including (but not limited to) manufacturing, bio-technology, services, telecommunication, technology, infrastructure, pharmaceuticals and property sectors, aiming at maintaining a balance in the Company’s exposure to different industry sectors;
2. The Group may, where the Board considers appropriate, use or invest in derivatives for hedging purposes. In this connection, the Group may buy, write or sell warrants, covered warrants, options or traded options on its underlying investments. The Group may also short-sell shares, buy or sell futures contracts on stock indices or shares (if any) as a means to hedge against adverse price movements of its investments;
3. When considering and identifying potential investments, the Group will seek to identify entities with a record of positive profit growth, strong management, and high levels of technical expertise, and research and development capabilities as well as management commitment to long-term growth. At the same time, the

Group is also flexible in considering investments in companies or other entities which are considered by the Board and the investment manager of the Company as being special or in recovery situations with return potential; and

4. As to the period of investment, the investments are usually intended to be held for capital appreciation. The actual holding period will depend on the return from investment and the potential of listing on the Stock Exchange or other internationally recognised stock exchanges. The Group will, however, realise investments where the Board believes the realisation would be in the best interests of the Group or where the terms on which such realisation can be made are considered by the Board as particularly favorable to the Group.

The investment policies may be amended by the Board from time to time without approval by the Shareholders, but subject to the investment restrictions as set forth below or as applicable to the Company from time to time.

### **Restrictions**

Under the Bye-laws and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. The Board has resolved that the Company may not:

1. either itself or through its wholly-owned subsidiaries or in conjunction with any connected person take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in such company or other entity, except in relation to such wholly-owned subsidiaries of the Company;
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the net asset value of the Company (calculated in accordance with the provisions of the Bye-laws) being invested in such company or entity as at the date the investment is made;
3. without the prior approval of the Shareholders by ordinary resolution, buy or sell commodities, commodity contracts or precious metals, except that the Group may purchase and sell future contracts on stock indices and securities which are secured by commodities or precious metals; and
4. invest more than 30% of the Company's assets outside Greater China to the extent of contravening its primary objective of achieving capital appreciation by investing in listed and unlisted companies in Greater China.

The Company has to comply with investment restrictions 1 and 2 above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment restriction 3 can be changed subject to Shareholders' approval and investment restriction 4 can be changed without Shareholders' approval.

As at the Latest Practicable Date, the Board has no intention to change any of the above-mentioned investment restrictions.

As at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts or precious metals.

### **BORROWING POWER**

Pursuant to the provision of the Bye-laws, the Company may exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof.

### **DISTRIBUTION POLICY**

It is the Board's intention to provide stable returns to the Shareholders and to maintain a healthy financial position which allows the Company to take advantage of any investment opportunities that may arise from time to time. Subject to the applicable laws in Bermuda and the Bye-laws, the Board may propose final dividends on an annual basis and/or may declare interim dividends or special dividends from time to time after considering the Company's and the Group's operating results, accumulated and future earnings, dividends received from the Group companies, gearing, liquidity position, capital commitment requirement and investment opportunities of the Group, the volatility expected in its future earnings, financial flexibility, tax considerations, flotation costs and contractual and legal restrictions. General economic conditions and relevant external factors will also be taken into account.

### **WORKING CAPITAL MANAGEMENT POLICY**

The Group's objectives when managing capital are to safeguard its ability to continue its operations in a stable manner in order to provide positive returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The working capital management policies aim to manage the current assets — generally, cash and cash equivalents, and debtors — and the short term financing, such that cash flows and returns are satisfactory. In order to effectively manage cash flow, the Group maintains the sufficient cash levels which allow for the business to meet day to day expenses.

Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework to meet the Group's funding and liquidity management requirements. As at the Latest Practicable Date, the Group has not encountered any significant liquidity risk. The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion.

As at 30 June 2020, there was a 10-years secured bank loan with outstanding amount of HK\$2,409,000 bearing interest at 2.5% below prime rate per annum of the Group and the office premises with a carrying amount of HK\$10.1 million was pledged for such secured bank loan.

#### **FOREIGN EXCHANGE POLICY**

As at 30 June 2020, the investment portfolio of the Company primarily comprised listed equities in Hong Kong stock market and debt securities, and cash and bank balances comprised bank balances, cash and short-term deposit held by the Group. Majority of them were denominated in HKD or USD, and the exposure to foreign currency was considered to be insignificant. Thus, as at the Latest Practicable Date, it is considered that the Group had no significant exposure to foreign exchange fluctuation and, to best knowledge, information and belief of the Directors, there have been no foreign exchange controls in relation to the investments of the Company.

#### **TAXATION**

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

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## NOTICE OF THE SGM

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### CHINA INTERNET INVESTMENT FINANCE HOLDINGS LIMITED 中國互聯網投資金融集團有限公司

*(Continued into Bermuda with limited liability)*

**(Stock Code: 810)**

## NOTICE OF THE SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China Internet Investment Finance Holdings Limited (the “**Company**”) will be held at Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on Monday, 15 March 2021 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as:

### SPECIAL RESOLUTION

“**THAT** subject to and conditional upon: (i) the passing of the special resolution by the shareholders of the Company (the “**Shareholders**”) to approve the Capital Reorganisation (as defined below) at the SGM; (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) in issue and to be issued upon the Capital Reorganisation becoming effective; and (iii) compliance with the Companies Act 1981 of Bermuda to effect the Capital Reorganisation (as defined below), with effect from the second business day after the date on which this resolution is passed by the Shareholders or the above conditions are fulfilled (whichever is the later):

- (a) the share consolidation (the “**Share Consolidation**”) by which every ten (10) issued and unissued existing shares of par value of HK\$0.10 each in the share capital of the Company (the “**Existing Share(s)**”) will be consolidated into one (1) consolidated share (the “**Consolidated Share**”) of HK\$1.00 each;
- (b) the capital reduction (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 of par value of HK\$0.01 each (the “**Adjusted Shares**”);
- (c) the reduction of share premium account (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;
- (d) the credit transfer (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

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## NOTICE OF THE SGM

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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 of the Company in any manner permitted by the laws of Bermuda and the bye-laws of the Company (the “**Bye-laws**”) including but not limited to offsetting against the balance of the accumulated losses of the Company;

- (e) the capital increase (the “**Capital Increase**”, together with the Share Consolidation, the Capital Reduction, the Reduction of Share Premium Account and the Credit Transfer, the “**Capital Reorganisation**”) (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; and
- (f) any Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Capital Reorganisation.”

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

Hong Kong, 18 February 2021

*Notes:*

1. A form of proxy for use at the SGM is enclosed.
2. Any member of the Company entitled to attend and vote at the SGM convened by this notice shall be entitled to appoint proxy to attend and vote instead of him in accordance with the Bye-laws. A proxy need not be a member of the Company, but must be present in person to represent the member.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members of the Company.
4. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should they so wish and in such event the instrument appointing a proxy shall be deemed to be revoked.
5. The above resolution will be voted by way of a poll at the SGM.

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## NOTICE OF THE SGM

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6. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 9 March 2021 to Monday, 15 March 2021, both days inclusive. In order to be eligible to attend and vote at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 March 2021.
7. In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement precautionary measures at the Meeting. Shareholders are advised to read page 1 of this circular for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
8. In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution as an alternative to attending the SGM in person.
9. In case the venue is being closed on the date of the SGM due to COVID-19, the Meeting shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board. The Company will post an announcement on the Stock Exchange and the Company's website notifying Shareholders of the date, time and place of the adjourned meeting.
10. As at the date of this notice, 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.