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CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

**PROPOSED CAPITAL REORGANIZATION,
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at Portion 2, 12/F., The Center, 99 Queen's Road Central, Hong Kong on 22 April 2020 at 11:00 a.m. is set out on pages 12 to 14 of this circular. Whether or not you propose to attend the meeting, you are advised to complete the form of proxy attached to the notice of the extraordinary general meeting in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

30 March 2020

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the par value of each issued Share from HK\$0.05 to HK\$0.0001 by canceling the paid up share capital to the extent of HK\$0.0499 on each issued Share
“Capital Reorganization”	the proposed capital reorganization of the Company’s share capital involving (i) the Capital Reduction; (ii) the Sub-division and (iii) the Share Consolidation
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Company”	China Investment and Finance Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Shares”	new ordinary share(s) of HK\$0.001 each in the share capital of the Company after the Capital Reorganization becoming effective
“Court”	the Grand Court of the Cayman Islands
“Directors”	the directors of the Company and each a “Director”
“EGM”	the extraordinary general meeting of the Company to be convened on 22 April 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Capital Reorganization
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	24 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“New Share(s)”	new ordinary share(s) of HK\$0.0001 each in the capital of the Company immediately following the Capital Reduction and Sub-division but prior to the Share Consolidation
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company prior to the Capital Reorganization
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued New Shares into one Consolidated Share in the issued and unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares and/or Consolidated Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorized but unissued Share into 500 New Shares of HK\$0.0001 each
“%”	per cent

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Capital Reorganization. The timetable is subject to the results of the EGM and other changes. The Company will notify the Shareholders of any significant changes to the expected timetable by way of announcement(s) as and when appropriate.

Latest time for lodging transfers of Shares in order to qualify for EGM	4:30 p.m. on Thursday, 16 April 2020
Register of members closes (both days inclusive)	From Friday, 17 April 2020 to Wednesday, 22 April 2020
Latest time for lodging proxy form	11:00 a.m. on Monday, 20 April 2020
Record date for EGM	Wednesday, 22 April 2020
Date of EGM	11:00 a.m. on Wednesday, 22 April 2020
Announcement on results of EGM	Wednesday, 22 April 2020

The following events are conditional on the results of the EGM and the confirmation of the Court to the Capital Reduction. It may take approximately 2 to 3 months for the Company to obtain hearing dates before the Court which will be subject to the availability of the Court over which the Company has no control. The dates are therefore tentative.

Effective date for the Capital Reorganization	9:00 a.m. on Wednesday, 22 July 2020
First day for free exchange of existing share certificates for new share certificates	Wednesday, 22 July 2020
Dealing in Consolidated Shares commences	9:00 a.m. Wednesday, 22 July 2020
Original counter for trading in existing Shares in board lots of 10,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. Wednesday, 22 July 2020

EXPECTED TIMETABLE

Temporary counter for trading in Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. Wednesday,
22 July 2020

Original counter for trading in Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in the form of new share certificates) re-opens Wednesday, 5 August 2020

Parallel trading in Consolidated Shares
(in the form of new share certificates and
existing share certificates) commences Wednesday, 5 August 2020

Designated broker starts to stand in the market to
provide matching services for odd lots of
Consolidated Shares Wednesday, 5 August 2020

Temporary counter for trading in Consolidated Shares
in temporary board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. Tuesday,
25 August 2020

Parallel trading in Consolidated Shares in the form of
new share certificates and existing share certificates closes 4:10 p.m. Tuesday,
25 August 2020

Designated broker ceases to stand in the market to provide
matching services for odd lots of Consolidated Shares 4:10 p.m. Tuesday,
25 August 2020

Last day for free exchange of existing share certificates
for new share certificates Thursday, 27 August 2020

LETTER FROM THE BOARD



CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

Executive Director:

Mr. Chan Cheong Yee

Non-executive Directors:

Mr. Wu Qi

Mr. Fong On Shek

Independent Non-executive Directors:

Mr. Luk Simon

Ms. Liu Xiaoyin

Mr. Hon Leung

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 1104, Crawford House

70 Queen's Road Central

Hong Kong

30 March 2020

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANIZATION,
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Company has announced on 16 March 2020 regarding the proposed Capital Reorganization. The purpose of this circular is to provide you with information regarding the Capital Reorganization and the notice of EGM for the purpose of considering and, if thought fit, approving the resolution relating to the Capital Reorganization.

LETTER FROM THE BOARD

CAPITAL REORGANIZATION

The Directors proposed to reorganize the share capital of the Company in the following manner:

1. the par value of each issued Share of HK\$0.05 will be reduced to HK\$0.0001 by canceling the paid-up share capital to the extent of HK\$0.0499 on each issued Share;
2. immediately after Capital Reduction, each authorized but unissued Share will be sub-divided into 500 New Shares of HK\$0.0001 each; and
3. immediately after Capital Reduction and Sub-division, the New Shares will be consolidated on the basis that every 10 issued and unissued New Shares of HK\$0.0001 each will be consolidated into one Consolidated Share of HK\$0.001 each.

Effects of the Capital Reorganization

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,200,000,000 divided into 24,000,000,000 Shares of HK\$0.05 each, of which 2,257,666,000 Shares are in issue and are fully paid or credited as fully paid.

Assuming no further Shares will be issued or repurchased after the Latest Practicable Date, after Capital Reduction and Sub-division but prior to the Share Consolidation, the authorized share capital of the Company will be HK\$1,200,000,000 divided into 12,000,000,000,000 New Shares of HK\$0.0001 each, of which 2,257,666,000 New Shares will have been issued and fully paid or credited as fully paid. After the Share Consolidation, the authorized share capital of the Company will be HK\$1,200,000,000 divided into 1,200,000,000,000 Consolidated Shares of HK\$0.001 each, of which 225,766,600 Consolidated Shares will have been issued and fully paid or credited as fully paid.

Assuming no further Shares will be issued or repurchased after the Latest Practicable Date, a credit of approximately HK\$112 million will arise as a result of the Capital Reduction. Such credit will be transferred to a distributable reserve account of the Company. The account will be applied by the Directors for such purposes permitted under the applicable laws.

LETTER FROM THE BOARD

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Capital Reorganization, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Conditions for Capital Reorganization

The Capital Reorganization is conditional upon the following:

1. the passing of the necessary resolution by the Shareholders to approve the Capital Reorganization at the EGM;
2. the Court confirming the Capital Reduction and compliance with any conditions the Court may impose in relation to the Capital Reduction;
3. the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares in issue following the Capital Reorganization taking effect; and
4. registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands with respect to the Capital Reduction.

The Capital Reorganization shall become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganization at the EGM, the legal advisors to the Company (as to Cayman Islands Law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing Application

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares arising from the Capital Reorganization.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated 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 Consolidated Shares on the Stock Exchange or, under contingent situation, 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the equity or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganization was set out on pages 3 and 4 of this circular.

REASONS FOR THE CAPITAL REORGANIZATION

According to Rule 13.64 of the Listing Rules, where the market price of the securities of the 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 its securities.

The Company's share prices have demonstrated a downward trend since May 2019 from the high point of HK\$0.083 to the closing price of HK\$0.030 on 16 March 2020. The share prices have remained below HK\$0.10 for the past 12 months. In view of the prolonged period of share prices approaching extremity, there is no other alternative to increase the trading prices and the proposed Share Consolidation is justified to increase the corresponding share prices and to facilitate trading activities.

The last corporate action involving trading arrangement by the Company was conducted in September 2015 involving share consolidation and change in board lot size. The Board has not been conducting share consolidation/subdivision unreasonably frequently. The proposed Share Consolidation does not have any effect of offsetting the intention of any prior corporate actions. The Board considered that the benefits of the proposed Capital Reorganization outweigh the potential costs arising from creation of odd lots.

LETTER FROM THE BOARD

Based on the closing Share price of HK\$0.030 on 16 March 2020 and the current board lot of 10,000, the proposed Share Consolidation will result in the value of each board lot at HK\$3,000. The proposed Share Consolidation on the basis of 10 to 1 ratio is the lowest ratio to keep the amount of each board lot at above HK\$2,000 so as to comply with the best practice on trading arrangement published by the Stock Exchange.

In addition, the Company is prohibited from issuing new shares at below their par value under the Company's articles of association and the Companies Law of the Cayman Islands. The Capital Reduction will give the Company greater flexibility in pricing any future issue of shares.

Accordingly, the Board is of the view that the Capital Reorganization is in the interest of the Company and the Shareholders as a whole despite the potential costs and negative impact arising from odd lots.

The Company has no plan and does not foresee the need to undertake in the next 12 months other corporate action or arrangement that may affect the trading in its shares (e.g. share consolidation or subdivision or change in board lot size). The Company currently has no plan to conduct any fund raising. However if any suitable investment opportunities shall arise in the future, Company may consider such necessary fund raising activities as required.

SHARE OPTIONS AND CONVERTIBLE NOTES

As at the Latest Practicable Date, there is no outstanding share option and/or convertible note of the Company.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots of the Consolidated Shares, the Company has appointed Suncorp Securities Limited as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of Consolidated Shares arising from the Capital Reorganization. Shareholders who wish to take advantage of this facility should contact Mr. Fan Chi Yeung of Suncorp Securities Limited at Room 3616, 36/F., Cosco Tower, 183 Queen's Road Central, Hong Kong at telephone number 3899 1899 during office hours. Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Please refer to the section headed "EXPECTED TIMETABLE" on pages 3 and 4 of this circular for the period during which the Company will provide matching service for the sale and purchase of odd lots of the Consolidated Shares.

Board Lot Size

Upon the Capital Reorganisation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will remain unchanged at 10,000 Consolidated Shares per board lot, which is the same board lot size for trading of the existing Shares on the Stock Exchange.

LETTER FROM THE BOARD

EXCHANGE OF SHARE CERTIFICATES

The new share certificates will be in the colour of blue in order to distinguish them from the existing share certificates which are purple in colour. Subject to the Capital Reorganization becoming effective, which is tentatively expected to be on 22 July 2020, Shareholders may, on or after 22 July 2020 until 27 August 2020 (both days inclusive), submit share certificates for existing Shares to the Company's share registrar in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 10 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders.

THE EGM

A notice convening the EGM is set out on pages 12 to 14 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to complete the form of proxy and return it to the Company's share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Capital Reorganization which is materially different from the other Shareholders. Therefore no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 17 April 2020 to Wednesday, 22 April 2020 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 16 April 2020.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the proposed Capital Reorganization are in the interest of the Company and the Shareholders as a whole and so recommend you to vote in favour of the resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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.

Yours faithfully,
On behalf of the Board
Chan Cheong Yee
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of China Investment and Finance Group Limited (the “**Company**”) will be held at Portion 2, 12/F., The Center, 99 Queen’s Road Central, Hong Kong on 22 April 2020 at 11:00 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolution as a special resolution:

SPECIAL RESOLUTION

“THAT

- (1) Subject to and conditional upon (i) approval from the Grand Court of the Cayman Islands (“**Court**”) of the Capital Reduction (as defined below); (ii) registration by the Registrar of Companies of Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law of Cayman Islands in respect of the Capital Reduction (as defined below) and compliance with any conditions the Court may impose; and (iii) the Listing Committee of The Hong Kong Stock Exchange Limited granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below), upon the date on which the aforesaid conditions are fulfilled:
 - (a) the par value of each issued Share of HK\$0.05 in the capital of the Company be reduced to HK\$0.0001 (each a “**New Share**”) by cancelling paid-up capital to the extent of HK\$0.0499 on each issued Share (the “**Capital Reduction**”) and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;
 - (b) immediately following the cancellation of paid-up capital in (a) above, each authorized but unissued Share in the capital of the Company be sub-divided into 500 New Shares of HK\$0.0001 each (“**Sub-division**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) immediately following the Sub-division, every ten (10) issued and unissued New Shares of HK\$0.0001 each in the share capital of the Company be consolidated into one (1) share of HK\$0.001 each (each a “**Consolidated Share**”) (the “**Share Consolidation**”) so that the authorised share capital of the Company shall be HK\$1,200,000,000 divided into 1,200,000,000,000 Consolidated Shares of HK\$0.001 each, and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;
- (d) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilised by the directors (“**Directors**”) of the Company in accordance with the articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time; and
- (2) the Directors be and are hereby authorised to do all such acts, deeds and things and to effect all necessary actions as they may consider necessary or desirable in order to effect, implement and complete any and all of the foregoing.”

By Order of the Board
CHINA INVESTMENT AND FINANCE GROUP LIMITED
Chan Cheong Yee
Executive Director

Hong Kong, 30 March 2020

Notes:

1. A member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint one, or if he is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy and the power of attorney (if any), under which it is signed or a certified copy thereof, must be lodged at the Company’s share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the appointed time for holding the above meeting or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Friday, 17 April 2020 to Wednesday, 22 April 2020 (both days inclusive) during which no transfer of Shares may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all completed share transfer instruments accompanied by the relevant share certificate(s) should be lodged for registration with the Company's share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 16 April 2020.

As at the date of this notice, the Board comprises Mr. CHAN Cheong Yee as executive Director, Mr. WU Qi and Mr. FONG On Shek as non-executive Directors, and Mr. LUK Simon, Ms. LIU Xiaoyin and Mr. HON Leung as independent non-executive Directors