
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, 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 (the “Company”), you should at once hand this Prospectus and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “13. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates 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.

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



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)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE

Underwriter to the Rights Issue



Kingston Securities Limited

Financial adviser to the Company



Kingston Corporate Finance Limited

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 18 June 2021 to Friday, 25 June 2021 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 18 June 2021 to Friday, 25 June 2021 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing to the Company, served prior to the Latest Time for Termination, the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Termination of Underwriting Agreement” on pages 8 to 9 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Wednesday, 30 June 2021. The procedures for acceptance and payment for or transfer of the Rights Share are set out in the Letter from the Board on pages 16 to 17 of this Prospectus.

16 June 2021

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 20 May 2021 relating to, among other things, the Rights Issue
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Internet Investment Finance Holdings Limited, a company continued into Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 810)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Lam”	Dr. Lam Man Chan, the Chairman and the non-executive Director, who is also the settlor and protector of Richmond Trust
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

DEFINITIONS

“Financial Adviser Appointment Letter”	the letter dated 20 May 2021 entered into between the Company and Kingston Corporate Finance in relation to the appointment of Kingston Corporate Finance as the financial adviser of the Company in relation to the Rights Issue
“Goodchamp”	Goodchamp Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities and is directly owned by The Sinowin Unit Trust, which in turn is 100% owned by the Richmond Trust, being the substantial Shareholder of the Company holding approximately 27.27% of the issued share capital of the Company as at the Latest Practicable Date
“Goodchamp Undertaking”	the irrevocable undertaking given by Goodchamp in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed “Irrevocable undertaking” in the section headed “The Underwriting Agreement” in the Letter from the Board of this Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“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
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, which is a connected subsidiary (as defined in the Listing Rules) to the Underwriter
“Last Trading Day”	20 May 2021, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	9 June 2021, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 30 June 2021 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macau and Taiwan
“Prospectus”	this prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 16 June 2021 or such other day as may be agreed between the Company and the Underwriter for the dispatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 15 June 2021 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue

DEFINITIONS

“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Share(s) to be issued and allotted under the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being not less than 47,141,062 Rights Shares (assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date) and not more than 47,921,062 Rights Shares (assuming all outstanding Share Options are being exercised and no other change in the share capital of the Company on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	the outstanding 780,000 share options to subscribe for 780,000 Shares at HK\$2.410 per Share and the outstanding 780,000 share options to subscribe for 780,000 Shares at HK\$1.370 per Share under the share options scheme of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.2 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Buy-backs (as amended and supplemented from time to time)

DEFINITIONS

“Underwriter”	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO whose ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 20 May 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	all the Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement other than those agreed to be taken up by the Goodchamp pursuant to the Goodchamp Undertaking
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	2021
First day of dealing in nil-paid Rights Shares	Friday, 18 June
Latest time for splitting of the PAL	4:30 p.m. on Tuesday, 22 June
Last day of dealing in nil-paid Rights Shares.	Friday, 25 June
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 30 June
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional (if applicable).	4:00 p.m. on Monday, 5 July
Announcement of allotment results.	Friday, 9 July
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Monday, 12 July
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 13 July
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.	9:00 a.m. on Tuesday, 13 July
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.	4:00 p.m. on Tuesday, 3 August

Dates or deadlines specified in expected timetable above or in other parts of this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 30 June 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 30 June 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 30 June 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement;
- (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (7) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company, which event or events is or are in the absolute opinion of the Underwriter:
 - (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

LETTER FROM THE BOARD



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)

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

16 June 2021

To the Qualifying Shareholders, and for information only, the Excluded Shareholders

Dear Sir/Madam,

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE

INTRODUCTION

Reference is made to the Announcement of the Company dated 20 May 2021 in relation to, among other things, the Rights Issue. The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue; (ii) the financial information of the Group; and (iii) the general information of the Group.

On 20 May 2021 (after trading hours), the Board announced that the Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.2 per Rights Share, to raise not less than approximately HK\$9,428,212 by issuing not less than 47,141,062 Rights Shares (assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date) and to raise not more than approximately HK\$9,584,212 by issuing not more than 47,921,062 Rights Shares (assuming all outstanding Share Options are being exercised and no other change in the share capital of the Company on or before the Record Date).

LETTER FROM THE BOARD

On 20 May 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, details of which are set out in the section headed “The Underwriting Arrangement” in this Letter from the Board.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	HK\$0.2 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	94,282,125 Shares
Number of Rights Shares	not less than 47,141,062 Rights Shares (assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date) and not more than 47,921,062 Rights Shares (assuming all outstanding Share Options are being exercised and no other change in the share capital of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	not less than HK\$471,410.62 and not more than HK\$479,210.62
Number of Shares as enlarged by the allotment and issue of the Rights Shares	not less than 141,423,187 Shares and not more than 143,763,187 Shares
Number of Rights Shares underwritten by the Underwriter	all the Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement other than those agreed to be taken up by the Goodchamp pursuant to the Goodchamp Undertaking

As at the Latest Practicable Date, save for 1,560,000 outstanding Share Options, the Company had no other outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

LETTER FROM THE BOARD

Assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date, 47,141,062 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) approximately 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.2 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 51.22% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 53.05% to the average of the closing prices of HK\$0.426 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 55.70% to the average of the closing prices of approximately HK\$0.452 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 41.18% to the theoretical ex-rights price of HK\$0.34 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 18.11% represented by the theoretical diluted price of approximately HK\$0.359 per Share to the benchmarked price of approximately HK\$0.438 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the closing price on the date of the Underwriting Agreement of HK\$0.41 per Share and the average closing price of approximately HK\$0.438 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Underwriting Agreement;
- (vi) a discount of approximately 77.79% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2020 of approximately HK\$0.900 per Share calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of

LETTER FROM THE BOARD

approximately HK\$84,887,000 as at 31 December 2020 as set out in the annual report of the Company for the year ended 31 December 2020 and 94,282,125 Shares in issue as at the date of the Announcement; and

- (vii) a discount of approximately 32.20% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In determining the structure and the terms of the Rights Issue (including the Subscription Price), the Board has considered, amongst other things, the market price of the Shares under the prevailing market conditions, the theoretical dilution effect of the Rights Issue, the support of the major shareholder of the Company, the best available terms of underwriting the Rights Issue and the fairness to all the Shareholders as a whole, and the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this Letter from the Board.

The Subscription Price of HK\$0.2 per Rights Share represents a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 18.11%, represented by the theoretical diluted price of approximately HK\$0.359 per Share to the average closing price of approximately HK\$0.438 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Announcement. As such, the Rights Issue does not result in a theoretical dilution effect of 25% or more on its own and complies with the Listing Rules requirements.

The Board was mindful that the support from its major shareholder, Goodchamp, in undertaking to take up its provisional entitlement is imminent for the Company to be able to successfully procure an underwriter to underwrite the remaining amount of the rights issue. As such, the Company management has discussed with Dr. Lam, who is the settlor and protector of Richmond Trust which wholly owns Sinowin Unit Trust and in turn wholly owns Goodchamp, and he agreed to give its irrevocable undertaking in favour of the Company for the Rights Issue at a reasonable subscription price.

Kingston Securities Limited was the only securities house to express that they were interested in underwriting a rights issue for the Company despite the Company being an investment company listed under Chapter 21 of the Listing Rules with thin trading volume as Kingston Securities Limited has worked with the Company in the past and has an understanding with the business and the management of the Company. As such, the terms of Kingston Securities Limited’s underwriting the Rights Issue including the discount of the subscription price are the only best available to the Company.

In addition, the Board considered that the 1 for 2 Rights Issue with excess application mechanism and with the Subscription Price set at a substantial discount to the recent closing prices will enable the existing Shareholders to maintain their shareholding at a lower cost, thereby minimising dilution impact, as well as participating in the future growth of the Company.

LETTER FROM THE BOARD

The Board is of the view that the structure and the terms of the Rights Issue is fair and reasonable and it is in the best interest of the Company and its Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, after making such enquiries, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). As at the Latest Practicable Date, there is no Overseas Shareholder.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold fractional entitlements and

LETTER FROM THE BOARD

unsold entitlement of Excluded Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company. Any such unsold fractional entitlements shall be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 12 July 2021. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 12 July 2021 by ordinary post to the applicants at their own risk, to their registered addresses.

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Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Wednesday, 30 June 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China Internet Investment Finance Holdings Limited — Rights Issue Account**" and crossed "**Account Payee Only**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 30 June 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 22 June 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the section headed “Condition of the Rights Issue” below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 12 July 2021.

Application for excess Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold Rights Shares created from aggregation of fractional entitlements; (ii) any unsold entitlements of the Excluded Shareholder; and (iii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Wednesday, 30 June 2021.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration

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of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

If the aggregate number of Rights Shares underlying the Untaken Shares is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for. Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Wednesday, 30 June 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**China Internet Investment Finance Holdings Limited — Excess Application Account**" and crossed "**Account Payee Only**". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Friday, 9 July 2021.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, such application (other than from a nominee company) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Registrar at his/her/its own risk on or before Monday, 12 July 2021. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Monday, 12 July 2021.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by

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the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or a cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the section headed "Condition of the Rights Issue" below is not fulfilled, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 12 July 2021.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 6,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 20 May 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement.

Principal terms of the Underwriting Agreement

Date	20 May 2021 (after trading hours)
Underwriter	Kingston Securities Limited
Number of Rights Shares to be underwritten	All the Rights Shares (other than the 12,853,550 Rights Shares undertaken to be taken up by Goodchamp under the Goodchamp Undertaking), being not less than 34,287,512 Rights Shares (assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date) and not more than 35,067,512 Rights Shares (assuming all outstanding Share Options are being exercised and no other change in the share capital of the Company on or before the Record Date)
Underwriting Commission	2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

In compliance with Rule 7.19(1)(a) of the Listing Rules, (i) the Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO whose ordinary course of business includes underwriting of securities; and (ii) the Underwriter is independent of and not connected with the Company or its connected persons. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

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The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issues, and the current and expected market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Save for the Underwriting Agreement and the Financial Adviser Appointment Letter, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (b) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Excluded Shareholders, if any, by no later than the Prospectus Posting Date;
- (d) Goodchamp complying with its obligations under the Goodchamp Undertaking;
- (e) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination;
- (f) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination; and
- (g) there being no specified event occurring on or before the Latest Time for Termination.

Save for the conditions (f) and (g) which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the conditions referred to above has been fulfilled yet.

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Irrevocable undertaking

As at the Latest Practicable Date, Goodchamp is interested in 25,707,100 Shares, representing approximately 27.27% of the issued share capital of the Company. Goodchamp has given the Goodchamp Undertaking in favour of the Company and the Underwriter that, among others, (i) it will subscribe for or procure subscription for 12,853,550 Rights Shares to which Goodchamp is entitled under the Rights Issue; and (ii) it will not dispose of, transfer, or sell any Shares held by it from the date of the Goodchamp Undertaking and up to the date of completion of the Rights Issue.

As at the Latest Practicable Date, the Company has not received any information from Goodchamp of its intention to subscribe for excess Rights Shares by way of excess application.

As at the Latest Practicable Date, Goodchamp is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which in turn is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the Chairman and a non-executive Director of the Company, is the settlor and protector of Richmond Trust.

As at the Latest Practicable Date, save for the Goodchamp Undertaking, the Company has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of certain events. For details, please refer to the section headed “Termination of the Underwriting Agreement” on pages 8 to 9 of this Prospectus.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Company is principally engaged in investment in equity and debt securities of listed and unlisted companies in Hong Kong.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not less than approximately HK\$8.01 million and not more than approximately HK\$8.15 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.17. The Company intends to apply the net proceeds from the Rights Issue as to (a) approximately 50% for possible investments mainly in listed bonds, listed equities and/or various private equity investments to be identified or confirmed in the second half of 2021 and the remaining will be for possible investments in (i) a medical diagnostic company, details of which were set out in the Company’s announcement dated 20 April 2021; (ii) a live e-commerce marketing platform company, details of which were set out in the Company’s

LETTER FROM THE BOARD

announcement dated 30 April 2021; and (b) approximately 50% for general working capital including general administrative expenses of the Group which mainly comprise of employee benefit expenses in the third quarter of 2021.

The Board considers that the Rights Issue will increase the capital base of the Company and give the Qualifying Shareholders equal opportunity to maintain their respective pro rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings will be diluted.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. The Company attempted to procure debt financing from certain banks. However, those banks indicated that it was unlikely to obtain debt financing through bank loans due to the loss making track records of the Group in the past three financial years. As such, the Directors consider that it will not be feasible for the Company to obtain the required fund raising amount from debt financing at favourable terms in a timely manner.

As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability). In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

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CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

- (i) Assuming there is no new Share being issued and no Share being repurchased by the Company on or before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue (save for Goodchamp under the Goodchamp undertaking)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Goodchamp (Note 1)	25,707,100	27.27	38,560,650	27.27	38,560,650	27.27
The Underwriter (Note 2)	—	—	—	—	34,287,512	24.24
Other public Shareholders	<u>68,575,025</u>	<u>72.73</u>	<u>102,862,537</u>	<u>72.73</u>	<u>68,575,025</u>	<u>48.49</u>
Total	<u>94,282,125</u>	<u>100.00</u>	<u>141,423,187</u>	<u>100.00</u>	<u>141,423,187</u>	<u>100.00</u>

- (ii) Assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options and no Shares being repurchased by the Company before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue (save for Goodchamp under the Goodchamp undertaking)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Goodchamp (Note 1)	25,707,100	26.82	38,560,650	26.82	38,560,650	26.82
The Underwriter (Note 2)	—	—	—	—	35,067,512	24.39
Other public Shareholders	<u>70,135,025</u>	<u>73.18</u>	<u>105,202,537</u>	<u>73.18</u>	<u>70,135,025</u>	<u>48.79</u>
Total	<u>95,842,125</u>	<u>100.00</u>	<u>143,763,187</u>	<u>100.00</u>	<u>143,763,187</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. The interests are held by Goodchamp, which is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which in turn is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the Chairman and a non-executive Director of the Company, is the settlor and protector of Richmond Trust.
2. Pursuant to the Underwriting Agreement, (a) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to 20% or more of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with it and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY

The Company has not conducted any other equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, there are outstanding Share Options granted under the share options scheme of the Company to subscribe for 1,560,000 Shares. The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the share options scheme of the Company. The Company will make further announcement(s) about the adjustments as and when appropriate.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of the Announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-months period immediately preceding the date of the Announcement and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). The Rights Issue is not subject to Shareholders' approval under the Listing Rules.

LETTER FROM THE BOARD

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only, but the Company will not send the PAL and EAF to the Excluded Shareholders.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” on pages 8 to 9 of this Prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Monday, 7 June 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 18 June 2021 to Friday, 25 June 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the last three financial years ended 31 December 2018, 2019 and 2020 were disclosed in the annual reports of the Company for the years ended 31 December 2018 (pages 73 to 170), 2019 (pages 123 to 238) and 2020 (pages 123 to 207), respectively. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.irasia.com/listco/hk/cii810>). Please refer to the hyperlinks as stated below:

Annual report for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn20190418257.pdf>

Annual report for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0421/2020042100708.pdf>

Annual report for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800689.pdf>

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at the close of business on 30 April 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group had a secured and guaranteed bank loan of approximately HK\$1,992,000.

Disclaimer

Save as referred to as above and apart from intra-group liabilities, the Group did not have, at the close of business of 30 April 2021, any debt securities issued and outstanding or authorised or otherwise created but unissued, term loan, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, lease payables, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the Group's internally generated funds and available facilities, the estimated net proceeds from the Rights Issue, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of the Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is principally engaged in investment in equity and debt securities of listed and unlisted companies in Hong Kong.

The management of the Company has reviewed the strategic asset allocation for its investment portfolio and continued to adopt the typical asset-only approach because of the insignificant liabilities being used. The Company has combined its investment objectives and risk tolerance, with the liquidity needs and long-term investment horizon in deriving the weights in the asset allocation. Being an investment company under the Chapter 21 of the Listing Rules, the Company will strictly adhere to such regulatory requirements and treat them as part of its constraints.

In line with its scale, the asset class of equity is considered as its core investment. In general, equities tend to outperform other major asset classes during periods of strong economic growth and underperform during periods of weak economic growth. Regarding equity investing, the main drivers of long-term equity return are capital appreciation and dividend income. The fundamental investment strategy and the buy-and-hold strategy are used. Tactical asset allocation will be employed to take advantage of possible short-term trading opportunities. Equities-linked products will also be invested to provide lower strike prices if exercised and higher interest income if not being redeemed. Special attention will be paid in selecting the equities within these structured products because in a deep downward market there will be risk in locking to strike prices that will be considerably higher than the prevailing market prices at the time of exercise. Regarding investments in private equity (including pre-IPO investments), they can enhance the expected return of its portfolio but such investments will be made cautiously because of the higher liquidity risks.

However, the recent outbreak of the epidemic caused by the COVID-19 coronavirus is out of expectation of most, if not all, economists in deriving the capital market forecasts for the year 2020. This has also adversely affected the global business environment and sentiment. Major cities in the PRC and other countries have taken emergency public health measures. Hong Kong also declared a virus emergency, cancelled Lunar New Year celebrations and restricts links to the PRC and has taken precautionary measures to include (i) work-from-home arrangement; (ii) all schools to suspend classes; and (iii) compulsory quarantine measures towards special persons arriving at Hong Kong.

The potential impact of the novel coronavirus on the global economy is tremendous but still uncertain. Concerns about a further spread of the COVID-19 coronavirus heighten and these weigh on the corporate earnings and the global economic outlook. The US stock market has recently suffered from a major correction and the sudden cut in Federal Fund rate in March 2020 also surprised the market. In March, 2020, the circuit breakers were

triggered at the US stock market and the market sentiment turned bearish. The performance of the global capital markets in 2020 will also depend on the upcoming US presidential election, the ongoing Sino-US trade tensions and the impact of Brexit.

Looking forward, the risks and uncertainties facing the Hong Kong market are expected to increase. Concerns about the adverse impact of coronavirus disease have dampened the investor sentiment. Furthermore, there are worries about a possible slowdown in global economy.

In view of the highly volatile capital market, the Company has also revised its investment objectives and policies to allow the use of derivatives such as reverse exchange-traded funds and options or warrants for hedging purposes. The Company will consult with its Investment Manager to implement necessary measures cautiously. In addition, the liquidity risk will also be monitored closely and the Company will hold a higher percentage of assets in cash or more liquid securities.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the Shareholders as if the Rights Issue had been completed on 31 December 2020. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group upon completion of the Rights Issue or at any future dates after completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2020 as derived from the Group's published audited consolidated financial statements for the year ended 31 December 2020 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2020.

	Consolidated net tangible assets attributable to the Shareholders as at 31 December 2020 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders as at 31 December 2020 <i>HK\$'000</i>	Consolidated net tangible assets attributable to the Shareholders per Share as at 31 December 2020 <i>(Note 4)</i> <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders per Share as at 31 December 2020 <i>(Note 5)</i> <i>HK\$</i>
Based on 47,141,062 Rights Shares to be issued at the Subscription Price of HK\$0.20 per Rights Share	<u>84,887</u>	<u>8,014</u>	<u>92,901</u>	<u>0.90</u>	<u>0.66</u>

Notes:

- The amount of consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2020 is based on consolidated net assets the Group of HK\$84,887,000 as extracted from the published audited consolidated financial statements of the Group for the year ended 31 December 2020.
- The 94,282,125 Shares have been retrospectively adjusted from 942,821,250 existing shares at 31 December 2020, after taking into effect of share consolidation by which every ten issued and unissued existing shares has consolidated into one consolidated share of HK\$1.00 each on 17 March 2021.
- The estimated net proceeds from the Rights Issue are based on the issuance of 47,141,062 Rights Shares (based on shares after share consolidation disclosed in Note 2) at HK\$0.2 each, after deducting the estimated related expenses of HK\$1,414,000 to be incurred by the Group.

4. The consolidated net tangible assets of Group attributable to the Shareholders per Share as at 31 December 2020 is calculated based on the consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2020 of HK\$84,887,000 divided by 94,282,125 Shares (based on shares after share consolidation disclosed in Note 2) which represents Shares in issue as at 31 December 2020.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders per Share as at 31 December 2020 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2020 and 141,423,187 Shares in issue upon completion of the Rights Issue as at 31 December 2020, which comprises 94,282,125 Shares in issue as at 31 December 2020 before the Rights Issue and 47,141,062 Rights Shares to be issued under the Rights Issue.

Assuming full exercise of the outstanding 1,560,000 Share Options (based on shares after share consolidation disclosed in Note 2) and subscription rights attaching to the Share Options, the unaudited pro forma adjusted consolidated net tangible assets (including proceeds from full exercise of the Share Options of HK\$2,948,000 and estimated net proceeds from the Rights Issue of HK\$8,147,000) per Share as at 31 December 2020 is HK\$0.67 per Share. The calculation is illustrated in below table.

	Consolidated net tangible assets attributable to the Shareholders as at 31 December 2020 HK\$'000	Proceeds from full exercise of the Share Options HK\$'000	Estimated net proceeds from the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders assuming full exercise of the outstanding 1,560,000 Share Options as at 31 December 2020 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders per Share assuming full exercise of the outstanding 1,560,000 Share Options as at 31 December 2020 HK\$
Based on 47,921,062 Rights Shares to be issued at the Subscription Price of HK\$0.20 per Rights Share	84,887	2,948	8,147	95,982	0.67

The estimated net proceeds from the Rights Issue of HK\$8,147,000 included HK\$8,014,000 (disclosed in Note 3) and HK\$133,000 based on the issuance of 780,000 Rights Shares attaching to the Share Options at HK\$0.2 each, after deducting the estimated related expenses on 780,000 Rights Shares attaching to the Share Options of HK\$23,000 to be incurred by the Group.

The 47,921,062 Rights Shares included 47,141,062 Rights Shares to be issued based on 94,282,125 Shares (after share consolidation disclosed in Note 2) under Rights Issue and the 780,000 Rights Shares attaching to the Share Options.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders per Share assuming full exercise of the outstanding 1,560,000 Share Options as at 31 December 2020 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2020 and 143,763,187 Shares in issue upon completion of the Rights Issue as at 31 December 2020, which comprises 94,282,125 Shares in issue as at 31 December 2020 before the Rights Issue, 1,560,000 Shares upon full exercise of the outstanding Share Options and 47,921,062 Rights Shares to be issued under the Rights Issue.

6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020.

(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of China Internet Investment Finance Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Internet Investment Finance Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2020 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 16 June 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every two existing shares held on the record date at the subscription price of HK\$0.2 per rights share (the “**Rights Issue**”) on the Group's financial position as at 31 December 2020 as if the Rights Issue had taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2020, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 16 June 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors and 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 and the directors of the Investment Manager, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL AND SHARE OPTIONS

(a) Share capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue are set out as follows:

(I) *Assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date*

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>94,282,125</u>	Shares	<u>942,821.25</u>

(ii) Immediately after completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
94,282,125	Shares	942,821.25
<u>47,141,062</u>	Rights Shares	<u>471,410.62</u>
<u>141,423,187</u>	Total	<u>1,414,231.87</u>

(II) Assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options and no Shares being repurchased by the Company before the Record Date

(i) As at Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>20,000,000,000</u> Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>	
<u>94,282,125</u> Shares	<u>942,821.25</u>

(ii) Immediately after completion of the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
<u>20,000,000,000</u> Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>	
94,282,125 Shares	942,821.25
1,560,000 Shares issued under the Share Options	15,600.00
<u>47,921,062</u> Rights Shares	<u>479,210.62</u>
<u>143,763,187</u> Total	<u>1,437,631.87</u>

(b) Share Options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name of grantee	Position	Number of underlying Shares subject to outstanding Share Options	Date of grant	Exercise price (HK\$ per Share)	Exercise period
Mr. Lee Kwok Leung	Executive Director	160,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		160,000	16/09/2019	1.370	16/09/2019 to 31/07/2022
Dr. Ng Chi Yeung, Simon	Independent Non-executive Director	20,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		20,000	16/09/2019	1.370	16/09/2019 to 31/07/2022
Mr. Tam Yuk Sang, Sammy	Independent Non-executive Director	20,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		20,000	16/09/2019	1.370	16/09/2019 to 31/07/2022
Ms. Florence Ng	Independent Non-executive Director	20,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		20,000	16/09/2019	1.370	16/09/2019 to 31/07/2022
Dr. Yeung Cheuk Kwong	Chief Executive Officer	250,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		250,000	16/09/2019	1.370	16/09/2019 to 31/07/2022
Other employees	N/A	310,000	29/11/2018	2.410	29/11/2018 to 28/11/2021
		<u>310,000</u>	16/09/2019	<u>1.370</u>	16/09/2019 to 31/07/2022
		<u>1,560,000</u>			

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 1,560,000 Shares. Save as and except for the Share Options, as at the Latest Practicable Date, the Company has no other outstanding convertible securities, options in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director/ Chief Executive Officer	Number of Shares	Type of interest	Percentage of issued share capital
Dr. Lam Man Chan	25,707,100	Interests as settlor and protector of a discretionary trust (<i>Note 1</i>)	27.27%
Mr. Lee Kwok Leung	320,000	Beneficial interest (<i>Note 2</i>)	0.34%
Dr. Ng Chi Yeung, Simon	40,000	Beneficial interest (<i>Note 2</i>)	0.04%
Mr. Tam Yuk Sang, Sammy	40,000	Beneficial interest (<i>Note 2</i>)	0.04%
Ms. Florence Ng	40,000	Beneficial interest (<i>Note 2</i>)	0.04%
Dr. Yeung Cheuk Kwong	500,000	Beneficial interest (<i>Note 2</i>)	0.53%

Notes:

- (1) The interests are held by Goodchamp Holdings Limited, which is directly owned by Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the Chairman and Non-executive Director of the Company, is the settlor and protector of Richmond Trust.
- (2) These represented the Share Options granted by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following person(s) (other than the Directors and the chief executive of the Company) has, or is deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, details of which are set out as follows:

Long positions in the Shares

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Goodchamp	Beneficial owner (<i>Note 1</i>)	25,707,100	27.27%
Sinowin (PTC) Inc.	Interest of controlled corporation (<i>Note 1</i>)	25,707,100	27.27%
HSBC International Trustee Limited	Trustee (<i>Note 1</i>)	25,707,100	27.27%

Notes:

- (1) The interests are held by Goodchamp Holdings Limited, which is directly owned by Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the Chairman and Non-executive Director of the Company, is the settlor and protector of Richmond Trust.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

Save as disclosed, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, saved as disclosed, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

1. a placing agreement dated 27 November 2019 entered into between the Company and Kingston Securities Limited regarding the placing of up to 156,900,000 new shares of the Company at a placing price of HK\$0.105 each, which was completed on 19 December 2019;

2. a memorandum of understanding dated 20 April 2021 entered into between Dragon Leap Ventures Limited, a wholly owned subsidiary of the Company, and Minomic International Ltd. (the “**Target Company I**”) regarding the possible investment by the Group in the Target Company I with an estimated investment amount of not more than USD1 million;
3. a memorandum of understanding dated 30 April 2021 entered into between Dragon Leap Ventures Limited, a wholly owned subsidiary of the Company, and a live e-commerce marketing platform company incorporated in Hong Kong (the “**Target Company II**”) regarding the possible investment by the Group in the Target Company II with an estimated investment amount of not more than HKD10 million; and
4. the Underwriting Agreement.

7. LITIGATION

The Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company as at the Latest Practicable Date.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict of interests which any person has or may have with the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, none of the above-mentioned expert had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above-mentioned expert had any interest, direct or indirect, or in any assets which since 31 December 2020, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above-mentioned expert has given and has not withdrawn its written consent to the issue of this Prospectus with copies of their reports or letters (as the case maybe), with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Victoria Place, 5th Floor, 31 Victoria Street Hamilton HM 10, Bermuda
Head office and principal place of business in Hong Kong	Flat 18, 9/F., Block B, Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong
Authorised representatives	Mr. Lee Kwok Leung Flat 18, 9/F., Block B, Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong Ms. Cheng Suk Fun Flat 18, 9/F., Block B, Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong
Joint Company secretaries	Mr. Leung Yiu Wah Flat 18, 9/F., Block B, Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong Ms. Cheng Suk Fun Flat 18, 9/F., Block B, Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong
Legal adviser to the Company in respect of the Rights Issue	Sidley Austin 39/F, Two International Finance Centre Central, Hong Kong
Auditor and reporting accountants	Deloitte Touche Tohmatsu 35/F, One Pacific Place 88 Queensway Hong Kong
Principal share registrar and transfer agent in Bermuda	Ocorian Management (Bermuda) Limited Victoria Place, 5th Floor, 31 Victoria Street Hamilton HM 10, Bermuda

Branch share registrar and transfer office in Hong Kong	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Chong Hing Bank Limited Ground Floor, Chong Hing Bank Centre 24 Des Voeux Road Central, Hong Kong
Underwriter	Kingston Securities Limited 72/F, The Center 99 Queen's Road Central Central, Hong Kong
Financial adviser to the Company in respect of the Rights Issue	Kingston Corporate Finance Limited 72/F, The Center 99 Queen's Road Central Central, Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fee, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be not less than HK\$1,414,000 and not more than HK\$1,437,000, which are payable by the Company.

12. BINDING EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed "9. Expert and consent" in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at Flat 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong during normal business hours from the date of this Prospectus up to and including Wednesday, 30 June 2021:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020;
- (c) the material contracts referred to the paragraph headed “6. Material contracts” in this appendix;
- (d) the letter from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (e) the letter of written consent referred to in the paragraph headed “9. Expert and consent” in this appendix; and
- (f) the Prospectus Documents.

15. MISCELLANEOUS

- (a) The joint Company secretaries of the Company are (i) Mr. Leung Yiu Wah, who is an associate member of the Hong Kong Institute of Certified Public Accountants; and (ii) Ms. Cheng Suk Fun, who is an associate member of both The Hong Kong Institute of Chartered Secretaries in Hong Kong and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in England;
- (b) The English text of this Prospectus shall prevail over the Chinese text in the event of any inconsistency.

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 31 December 2020, which include all investments with a value of more than 5% of the Group's gross assets as at 31 December 2020.

Name of investee company	Stock code	Number of shares held	Effective shareholding interest <i>Approximate %</i>	Investment cost <i>HKS'000</i>	Market value/ Fair value as at 31 December 2020 <i>HKS'000</i>	Unrealised holding gain/(loss) arising on valuation <i>HKS'000</i>	Net assets attributable to the Group <i>(Note 11)</i> <i>HKS'000</i>	Dividend/ interest received <i>HKS'000</i>
Listed equity investments								
China Oriented International Holdings Limited ("China Oriented") <i>(Note 1)</i>	1871.HK	42,000,000	10.50	12,700	10,206	(2,494)	24,820	—
Tencent Holdings Limited ("Tencent") <i>(Note 2)</i>	0700.HK	15,000	0.0002	8,543	8,460	(83)	1,435	24
Miji International Holdings Limited ("Miji International") <i>(Note 3)</i>	1715.HK	44,500,000	2.97	18,040	8,455	(9,585)	6,386	—
Huasheng International Holdings Limited ("Huasheng International") <i>(Note 4)</i>	1323.HK	7,410,000	0.21	3,180	6,002	2,822	1,646	—
Alibaba Group Holding Limited ("Alibaba Group") <i>(Note 5)</i>	9988.HK	15,000	0.0001	3,731	3,489	(242)	795	—
HSBC Holdings plc ("HSBC") <i>(Note 6)</i>	0005.HK	84,448	0.0004	3,665	3,441	(224)	6,461	—
Smart-Core Holdings Limited ("Smart-Core") <i>(Note 7)</i>	2166.HK	2,202,000	0.45	4,030	2,753	(1,277)	3,106	88
Industrial and Commercial Bank of China Limited ("ICBC") <i>(Note 8)</i>	1398.HK	450,000	0.0001	2,012	2,264	252	4,090	—
BOC Hong Kong (Holdings) Limited ("BOCHK") <i>(Note 9)</i>	2388.HK	80,000	0.0008	1,992	1,880	(112)	2,150	115
Listed debt instrument								
China Cinda Finance (2014) Limited ("China Cinda Finance") <i>(Note 10)</i>	1359.HK	N/A	N/A	1,773	1,745	(28)	N/A	87

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 audited net profit of approximately RMB6,825,000 for the year ended 31 December 2020 and an unaudited net loss of approximately RMB2,881,000 for the six months ended 30 June 2020 and an audited net assets value of approximately RMB210,129,000 as at 31 December 2020 and an unaudited net assets value of approximately RMB200,423,000 as at 30 June 2020.

2. Tencent and its subsidiaries are principally engaged in the provision of value-added services, online advertising and fintech and business services. Pursuant to the financial statements of Tencent, it recorded an audited net profit of approximately RMB160,125,000,000 for the year ended 31 December 2020 and an unaudited net profit of approximately RMB61,857,000,000 for the six months ended 30 June 2020 and an audited net assets value of approximately RMB778,043,000,000 as at 31 December 2020 and an unaudited net assets value of approximately RMB606,273,000,000 as at 30 June 2020.
3. Miji International and its subsidiaries are principally engaged in the manufacturing and trading of premium kitchen appliances in China. Pursuant to the financial statements of Miji International, it recorded an audited net loss of approximately RMB19,950,000 for the year ended 31 December 2020 and an unaudited net loss of approximately RMB12,334,000 for the six months ended 30 June 2020 and an audited net assets value of approximately RMB172,951,000 as at 31 December 2020 and an unaudited net assets value of approximately RMB182,523,000 as at 30 June 2020.
4. Huasheng International and its subsidiaries are principally engaged in (i) production and sales of ready-mixed commercial concrete; (ii) wholesale and retails of household consumables; (iii) provision of money lending services; and (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests. 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.
5. 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.
6. HSBC and its subsidiaries are principally engaged in the provision of international banking and financial services. Pursuant to the financial statements of HSBC, it recorded an audited net profit of approximately USD6,099,000,000 for the year ended 31 December 2020 and an unaudited net profit of approximately USD3,125,000,000 for the six months ended 30 June 2020 and an audited net assets value of approximately USD204,995,000,000 as at 31 December 2020 and an unaudited net assets value of approximately USD195,221,000,000 as at 30 June 2020.
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 audited net profit of approximately HK\$85,351,000 for the year ended 31 December 2020 and an unaudited net profit of approximately HK\$34,840,000 for the six months ended 30 June 2020 and an audited net assets value of approximately HK\$695,343,000 as at 31 December 2020 and an unaudited net assets value of approximately HK\$657,014,000 as at 30 June 2020.
8. ICBC and its subsidiaries are principally engaged in corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services. Pursuant to the financial statements of ICBC, it recorded an audited net profit of approximately RMB317,685,000,000 for the year ended 31 December 2020 and an unaudited net profit of approximately RMB149,796,000,000 for the six months ended 30 June 2020 and an audited net assets value of approximately RMB2,909,515,000,000 as at 31 December 2020 and an unaudited net assets value of approximately RMB2,746,756,000,000 as at 30 June 2020.

9. BOCHK and its subsidiaries are principally engaged in the provision of banking and related financial services. Pursuant to the financial statements of BOCHK, it recorded an audited net profit of approximately HK\$28,468,000,000 for the year ended 31 December 2020 and an unaudited net profit of approximately HK\$16,161,000,000 for the six months ended 30 June 2020 and an audited net assets value of approximately HK\$319,655,000,000 as at 31 December 2020 and an unaudited net assets value of approximately HK\$313,004,000,000 as at 30 June 2020.
10. China Cinda Finance is an indirect wholly owned subsidiary of China Cinda Asset Management Co., Ltd. (“**China Cinda**”), which was incorporated in PRC and its shares are listed on the Main Board of Stock Exchange (stock code: 1359.HK). China Cinda and its subsidiaries comprise acquiring and entrusting to manage, invest and dispose of both financial and non-financial institution distressed assets; receivership; foreign investment; securities and futures dealing; financial bond issuance; inter-bank borrowing and lending; commercial financing for other financial institutions; approved asset securitization business; financial institutions custody; closing and liquidation of business; consulting and advisory business on finance, investment, legal and risk management; asset and project evaluation; banking business; insurance; fund management; asset management; trust; financial leasing services; real estate and industrial investments and other businesses approved by the China Banking and Insurance Regulatory Commission or other regulatory bodies. The listed debt security carries an interest rate of 5.625% per annum and interest is payable semi-annually.
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 31 December 2020.
12. The amounts denominated in RMB are translated into HK\$ at the exchange rate of RMB1.000 = HK\$1.1794 and the amounts denominated in USD are translated into HK\$ at the exchange rate of USD1.000 = HK\$7.723.

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**

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

Name	Address
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. Save as disclosed above, the Directors are of the view that investing in the Company is not subject to any abnormal risks.

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 Company's 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.

The dividend payout ratio may vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period.

Subject to the applicable laws in Bermuda and the Company's bye-laws, dividends may be paid in cash or to be satisfied wholly or partly in the form of allotment of shares by the Company. The Board may also consider the issuance of bonus shares or distribution of specific assets of any kind, including debentures or warrants to subscribe securities of the Company or any other company, on a basis permitted by the applicable laws and regulations and in such manner as the Board thinks expedient.

The Board will regularly review the dividend policy and will amend and/or modify the dividend policy if necessary.

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 31 December 2020, there was a 10-years secured bank loan with outstanding amount of approximately HK\$2,160,000 bearing interest at 2.5% below prime rate per annum of the Group and the office premises with a carrying amount of approximately HK\$9,855,000 was pledged for such secured bank loan.

FOREIGN EXCHANGE POLICY

As at 31 December 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.