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PROPOSED SHARE CONSOLIDATION

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GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation.

The circular containing, among other things, further details of the Share Consolidation and a notice of the EGM is expected to be despatched to the Shareholders on or before Friday, 15 May 2020.

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Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is US\$40,000,000 divided into 40,000,000,000 Shares of US\$0.001 each, of which 5,760,000,000 Shares had been allotted and issued as fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased from the date of this announcement to the effective date of the Share Consolidation, upon the Share Consolidation becoming effective, the authorised share capital of the Company will be US\$40,000,000 divided into 4,000,000,000 Consolidated Shares of US\$0.01 each, of which 576,000,000 Consolidated Shares will be in issue.

As at the date of this announcement, there are 576,000,000 outstanding share options under the Share Option Scheme which entitle holders thereof to subscribe for 576,000,000 Shares. The Share Consolidation may cause adjustments to the exercise price and the number of Consolidated Shares to be issued pursuant to the Share Option Scheme. Further details of such adjustment, if required to be made, will be disclosed in further announcement(s).

Save for the above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

All Consolidated Shares will rank pari passu with each other in all respects and the rights attached to the Consolidated Shares will not be affected by the Share Consolidation.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (a) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM;
- (b) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (c) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Dealings of the Consolidated Shares

The Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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.

Listing Application

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effect.

None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be on 10 June 2020, Shareholders may, during a period between 10 June 2020 and 20 July 2020 (both dates inclusive), submit existing share certificates for the Shares, which are in blue color, to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates, which will be in red color. It is expected that new share certificates for the Consolidated Shares will be available for collection within 10 Business Days from the date of submission for the exchange. Thereafter, the existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate for the Consolidated Shares to be issued or each existing share certificate for the Shares cancelled, whichever the number of certificates issued or cancelled is higher.

Nevertheless, the existing share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but will not be accepted for trading, settlement and registration upon completion of the Share Consolidation.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares (if any) arising from the Share Consolidation, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders with the foregoing.

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

Fractional Consolidated Shares

Fractional Consolidated Shares (if any) arising from the Share Consolidation will not be issued to the Shareholders otherwise entitled thereto but will be aggregated and sold if possible, for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as approaching the extremities of HK\$0.01 as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. It is expected that the Share Consolidation will bring about a corresponding increase in the trading price of the Consolidated Shares.

Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

Set out below is the expected timetable in relation to the Share Consolidation:

2020

Despatch of circular and proxy form for the EGM Friday, 15 May

Latest date and time for lodging

transfer documents in order to qualify

for attending and voting at EGM 4:30 p.m. on Tuesday, 2 June

Closure of register of members
for determining the entitlement
to attend and vote at the EGM
(both dates inclusive) Wednesday, 3 June to
Monday, 8 June

Latest date and time for lodging
the proxy form for the EGM 10:30 a.m. on Saturday, 6 June

Date and time of the EGM 10:30 a.m. on Monday, 8 June

Publication of the announcement of
results of the EGM Monday, 8 June

The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation as set out in the section headed “Conditions of the Share Consolidation” above.

Effective date of the Share Consolidation Wednesday, 10 June

First day of free exchange of
existing share certificates
for new share certificates Wednesday, 10 June

Dealings in Consolidated Shares commence 9:00 a.m. on Wednesday, 10 June

Original counter for trading
in Shares in board lots of
20,000 Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on Wednesday, 10 June

Temporary counter for trading
in Consolidated Shares
in board lot of 2,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on Wednesday, 10 June

Original counter for trading
in Consolidated Shares
in new board lot of 20,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:00 a.m. on Wednesday, 24 June

- Parallel trading in the Shares and Consolidated Shares (in the form of existing share certificates and new share certificates) commences9:00 a.m. on Wednesday, 24 June
- Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares9:00 a.m. on Wednesday, 24 June
- Temporary counter for trading in Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) closes.4:10 p.m. on Thursday, 16 July
- Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends4:10 p.m. on Thursday, 16 July
- Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares4:10 p.m. on Thursday, 16 July
- Last day for free exchange of existing share certificates for new share certificates Monday, 20 July

All times and dates in this announcement refer to Hong Kong local times and dates. Dates specified in the expected timetable above are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as and when appropriate.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation. The circular containing, among other things, further details of the Share Consolidation and a notice of the EGM is expected to be despatched to the Shareholders on or before Friday, 15 May 2020.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions in relation to the Share Consolidation to be proposed at the EGM.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	China 33 Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Share Consolidation
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company before the Share Consolidation becoming effective
“Shareholder(s)”	the holder(s) of the Share(s) or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of US\$0.001 each in the share capital of the Company into one (1) Consolidated Share of US\$0.01 each
“Share Option Scheme”	the share option scheme adopted by the Company on 17 December 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board of
China 33 Media Group Limited
Ruan Deqing
Chairman

Hong Kong, 24 April 2020

As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman), Mr. Peng Lichun and Mr. Ma Pun Fai; and the independent non-executive Directors are Ms. Tay Sheve Li, Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company’s website at www.china33media.com.