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中國金控 CFIH

CHINA FINANCE INVESTMENT HOLDINGS LIMITED

中國金控投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

The Board is pleased to announce that, on 20 January 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for an aggregate of 60,416,000 Subscription Shares under the General Mandate. The Subscription Shares will be issued at the Subscription Price of HK\$0.80 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 20% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds of the Subscription are expected to be approximately HK\$48.3 million in aggregate. After deducting related fees and expenses, the net proceeds of the Subscription will amount to approximately HK\$47.7 million. The Company intends to apply the net proceeds principally for repayment of indebtedness and strengthen the working capital base for the Group's operation.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, the Subscriber (as wholly-owned by Mr. Lin Yuhao) is the beneficial owner of 204,315,087 Shares representing approximately 67.64% of the existing total number of issued Shares, hence the controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. The Subscription therefore constitutes a non-exempt connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will seek approval from the Independent Shareholders at the GM in relation to the allotment and issue of the Subscription Shares, the Subscription Agreement and the transaction contemplated thereunder. The Subscription Shares will be allotted and issued under the General Mandate to allot, issue and deal with the Subscription Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the GM. The Subscriber and other Shareholders who are involved or interested in the Subscription Agreement shall abstain from voting at the GM in respect of the resolutions approving the Subscription Agreement to be proposed at the GM.

Save for the Subscriber and its associates, to the best knowledge of the Directors, no other existing Shareholder has a material interest in the Subscription. As such, no Shareholder other than the Subscriber and its associates is required to abstain from voting in relation to the resolutions to approve the Subscription to be proposed at the GM.

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang, will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder; and (iv) a notice convening the GM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or about 10 February 2021.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, on 20 January 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for an aggregate of 60,416,000 Subscription Shares under the General Mandate. The Subscription Shares will be issued at the Subscription Price of HK\$0.80 per Subscription Share.

THE SUBSCRIPTION

The principal terms of the Subscription Agreement are set out below.

Subscription Agreement

Date

20 January 2021 (after trading hours)

Parties

- (A) the Company (as the issuer); and
- (B) Sino Richest Investment Holdings Limited (as the Subscriber)

The Subscriber, which holds 204,315,087 Shares representing approximately 67.64% of the total number of issued Shares as at the date of this announcement, is a company incorporated in the British Virgin Islands with limited liability and the entire issued shares of which are wholly-owned by Mr. Lin Yuhao, a non-executive Director, the chairman of the Board, and a controlling shareholder of the Company.

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 60,416,000 Subscription Shares, representing (i) approximately 20% of the existing total number of issued Shares; and (ii) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares, subject to Completion of the Subscription and assuming there will be no other changes in the total number of issued Shares between the date of this announcement and Completion Date.

Subscription Price

The Subscription Price of HK\$0.80 per Subscription Share represents:

- (i) a discount of approximately 18.37% to the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 19.84% to the average closing price of HK\$0.998 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market prices of the Shares, recent trading volume of the Shares, existing financial and operating difficulties encountered by the Group as detailed in the paragraph headed "Reasons for and benefits of the Subscription". Taking into account the expenses of the Subscription in the amount of approximately HK\$0.6 million, the net price of each Subscription Share is approximately HK\$0.79.

Ms. Diao Jing, being the only Director of the Board after excluding (i) Mr. Lin Yuhao, who is the sole shareholder of the Subscriber; (ii) Mr. Lin Yupa who is the elder brother of Mr. Lin Yuhao; and (iii) the independent non-executive Directors whose views will be subject to the advice from the independent financial adviser, considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Subscription

Pursuant to the Subscription Agreement, Completion of the Subscription is conditional upon the fulfillment (or waiver) of the following conditions:

- (a) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before Completion (save for any temporary suspension or halt in trading pending the release of an announcement or circular in connection with the Subscription Agreement), the Stock Exchange or the SFC not having expressed that it will raise any objection against the listing status of the Shares or require the trading of Shares to be suspended due to the transaction contemplated under the Subscription Agreement or any reasons in connection with the transaction contemplated thereunder;
- (b) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been revoked before Completion of the Subscription;
- (c) the compliance of any other requirements under the Listing Rules by the Company in relation to the Subscription Agreement and the transaction contemplated thereunder;
- (d) the Independent Shareholders having passed all necessary resolutions in the GM granting in relation to the allotment and issue of the Subscription Shares and approving, among other things, the Subscription Agreement and the transaction contemplated thereunder;
- (e) the Board having passed all necessary resolutions in approving the Subscription Agreement and the transaction contemplated thereunder; and
- (f) the representations and warranties given by the Company under the Subscription Agreement being true, correct, complete and not misleading when made and remaining true, correct, complete and not misleading as at the Completion Date.

If the above conditions have not been fulfilled or waived (save for conditions (b) to (e) which are not waivable) before the Completion Date, the Subscription Agreement will be automatically terminated and lapse, and the obligations of the parties under the Subscription Agreement will be released (save for certain provisions such as the costs and expenses provisions and the announcement and confidentiality provisions which shall survive the termination).

Completion of the Subscription

Completion of the Subscription shall take place on the Completion Date upon satisfaction or waiver of the conditions set out above, or such other date as the Company and the Subscriber may agree in writing. The aggregate Subscription Price will be payable by the Subscriber in cash at Completion.

Transfer restriction

Save with the written consent from the Company, the Subscriber shall not, and shall procure that none of its subsidiaries or companies controlled by it or any nominee or trustee holding in trust for it shall, at any time during the period of six months from the Completion Date, create or permit to subsist any encumbrance or other security interest whatsoever on or over or in respect of the Subscription Shares, and otherwise dispose of any of the Subscription Shares or otherwise purport to deal with the beneficial or economic interest therein (including but not limited to its voting rights) or any right relating thereto.

Ranking of subscription shares

The Subscription Shares shall rank, upon issue, *pari passu* in all respects among themselves and with the Shares in issue, and shall be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to any pre-emptive or similar rights or calls for further payments.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activity mentioned below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds
6 February 2020 (completed on 27 April 2020)	Subscription of 200,000,000 new Shares by the Subscriber under specific mandate granted by the Shareholders (the “ Specific Mandate ”) at an issue price of HK\$0.65 per share	Approximately HK\$128.0 million	(i) repayment of approximately HK\$40.9 million outstanding indebtedness arising from the convertible bonds issued by the Company on 7 February 2018; (ii) repayment of approximately HK\$56.0 million due to Mr. Lin Yuhao; (iii) approximately HK\$20.0 million for expanding the existing agricultural and meat business of the Group; and (iv) approximately HK\$11.1 million as general working capital of the Group.

As at the date of this announcement, (i) approximately HK\$35.0 million was used to settle the outstanding convertible bonds; (ii) approximately HK\$56.0 million was used to settle certain indebtedness due to Mr. Lin Yuhao; (iii) approximately HK\$17.0 million was used as working capital of the Group. As for the intended use of proceeds for expanding the Group’s existing agricultural and meat business, approximately HK\$5.5 million was used for payment of annual rental for the existing farmlands. As disclosed in more details in the Interim Report, the remaining balance of approximately HK\$14.5 million will be applied mostly for establishing new farmlands in the Guangdong Province, such as annual rental for farmlands, preparation and tilling of soil for agricultural use, construction of infrastructure of water and sewage system, payments for electricity supply and other fundamental facilities, hiring of a new team and setup of offices and staff quarters, and prepayment of outsourcing fees to local farmers. As at the date of this announcement, save for the remaining balance of approximately HK\$14.5 million as reserved for expanding the agricultural and meat business, the proceeds from the issue of Shares under the Specific Mandate have been fully utilized as intended.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has issued (i) 302,083,407 Shares; (ii) 3,030,000 Preference Shares, the conversion of which in full will result in the issue of 15,150 Shares (reflecting the adjustment of the conversion ratio to “200 Preference Shares to 1 Share” as a result of share consolidation exercises that took effect on 25 June 2018 and 25 April 2019, respectively); and (iii) 34,901,721 Share Options, the exercise of which in full will result in the issue of 34,901,721 Shares. Save for the aforesaid, the Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date:

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Non-public Shareholders				
Subscriber ⁽¹⁾	204,315,087	67.64	264,731,087	73.03
Diao Jing ⁽²⁾	79,932	0.03	79,932	0.02
Subtotal	204,395,019	67.67	264,811,019	73.05
Public Shareholders				
Other public Shareholders	97,688,388	32.33	97,688,388	26.95
Total	302,083,407	100.00	362,499,407	100.00

Notes:

- (1) The Subscriber is wholly and beneficially owned by Mr. Lin Yuhao.
- (2) Ms. Diao Jing is an executive Director.

As at the date of this announcement, the Company has a total of 34,901,721 Share Options outstanding which were granted under the Share Option Scheme, out of which, (i) 4,379,948 Share Options were granted to Mr. Lin Yuhao entitling him to subscribe for 4,379,948 Shares upon full exercise of the aforementioned Share Options; and (ii) 4,210,216 Share Options were granted to Mr. Lin Yupa entitling him to subscribe for 4,210,216 Shares upon full exercise of the aforementioned Share Options.

INFORMATION OF THE SUBSCRIBER AND THE GROUP

The Subscriber

The Subscriber is a limited liability company incorporated under the laws of the British Virgin Islands whose entire issued share capital is wholly-owned by Mr. Lin Yuhao, a non-executive Director, the chairman of the Board, and a controlling shareholder of the Company. The principal business of the Subscriber is investment holding.

The Group

The Group is principally engaged in (i) growing and trading of agricultural and meat produce; (ii) provision of money lending services; and (iii) securities trading and brokerage services.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

According to the Interim Report, as at 30 June 2020, the Group had total indebtedness amounting to approximately HK\$176.1 million. The Group's total indebtedness further increased to approximately HK\$271.6 million as at 31 December 2020. Such indebtedness comprises the Unsecured Bonds of approximately HK\$36.2 million (including interests payments), unsecured promissory notes of approximately HK\$27.3 million in aggregate issued to Mr. Lin Yuhao and Mr. Lin Yupa, interest-free loans of approximately HK\$190.3 million advanced by Directors (including Mr. Lin Yuhao, Mr. Lin Yupa and Ms. Diao Jing), and bank borrowings and other loans of approximately HK\$18.0 million as at 31 December 2020. During the six months ended 30 June 2020, the Company entered into extension agreement with the respective subscribers of the Unsecured Bonds to extend the maturity date from 30 June 2020 to 30 June 2021. Nevertheless, despite the Company's request, the subscribers have indicated their unwillingness to extend the maturity date any further.

It had been the Company's intention to redeem the Unsecured Bonds from internal resources. However, the outbreak of COVID-19 significantly affected the Group's operations and financials. As disclosed in the Interim Report, turnover of the agricultural and meat business segment decreased by approximately 57.1%, from approximately HK\$167.8 million for the six months ended 30 June 2019 to approximately HK\$71.9 million for the six months ended 30 June 2020. As many industries across the world are facing unprecedented challenges brought by COVID-19 pandemic, the Group's customers are no exception. Although the Group has been actively liaising with the relevant customers, which covers large number of wholesale distributors, individual customers and supermarkets, to collect the receivables aged more than the average credit period, the Group has experienced considerable difficulties.

As at 30 June 2020, trade receivables arising from trading of agricultural and meat produce of approximately HK\$216.9 million (less the impairment) had an average credit period of 60 days, among which approximately HK\$185.6 million receivables had aged over 120 days and approximately HK\$11.6 million receivables had aged from 61 days to 120 days. While during the corresponding period in 2019, despite with much higher turnover generated from trading of agricultural produce, the Group's trade receivables arising therefrom were approximately HK\$202.0 million with an average credit period of 60 days, among which approximately HK\$162.5 million receivables had aged over 120 days and approximately HK\$39.4 million receivables had aged from 61 days to 120 days.

On the other hand, as at 30 June 2020, the Group's trade payables arising from trading of agricultural and meat produce amounted to approximately HK\$36.2 million, with an average credit period of 30 days. During the corresponding period in 2019, the Group's trade payables arising from trading of agricultural produce were approximately HK\$59.3 million with an average credit period of 30 days. The decrease in trade payables arising from trading of agricultural and meat produce is in line with the decline in turnover from trading of agricultural and meat produce. However, these trade payables primarily relate to procurement costs of agricultural produces and raw materials from the suppliers and outsourcing fees payable to the local farmers who assist in cultivating agricultural produce for the Group. It is industry practice that such outsourcing fees and the procurement costs of raw materials, including soil, seeds and fertilizers carry relatively short credit period or even have to be pre-paid.

As at the date of this announcement, the Company had bank balance less than HK\$10.0 million. In view of the difficulties and uncertainties associated with collection of some long-aging trade receivables before COVID-19 subsidies, which is unlikely to happen in the near future, the Company considers it imperative to raise sufficient funding to satisfy cash outflow requirements from its ordinary business operation.

Benefits of the Subscription

In order to meet the forthcoming repayment obligation under the Unsecured Bonds and to maintain sufficient general working capital for the Group to sustain its ordinary business so as to continue to generate revenue, a substantial part of the proceeds from the Subscription is intended to be used for repayment of the Unsecured Bonds. The remaining part of the proceeds from the Subscription will be used to strengthen the general working capital base of the Group.

As at 30 June 2020, the Group's gearing ratio was 0.57, which was measured as total debt (excluding trade and other payables, tax payables, deferred income and lease liabilities) to total shareholders' equity. Immediately upon Completion, the Group is expected to reduce its indebtedness by approximately HK\$36.1 million and hence its gearing ratio to 0.46. The remaining indebtedness owed by the Group would be approximately HK\$235.5 million (with reference to the outstanding indebtedness as at 31 December 2020). Having considered its relationships with the wholesale distributors, individual customers and supermarkets, and the previous payment collection track records, the Company expects to repay the remaining indebtedness of approximately HK\$235.5 million (with reference to the outstanding indebtedness as at 31 December 2020) gradually by trade and other receivables, loan receivables or other internal resources generated through its business operation. Shareholders and investors should note that the aforesaid financial effects are subject to annual audit for the year ended 31 December 2020 and will depend on the financial position of the Group as at the Completion Date.

Having considered the above, Ms. Diao Jing, being the only Director of the Board after excluding (i) Mr. Lin Yuhao, who is the sole shareholder of the Subscriber; (ii) Mr. Lin Yupa who is the elder brother of Mr. Lin Yuhao; and (iii) the independent non-executive Directors whose views will be subject to the advice from the independent financial adviser, therefore considers that the Subscription is fair and reasonable and in the interest of the Group and the Shareholders as a whole as (a) it would help relieving the Group's financial and liquidity pressure; (b) it would decrease the gearing ratio of the Company to enable it source external borrowings in the future; and (c) it would provide additional funds to strengthen the Group's general working capital base. She also considers that the Subscription reflects the confidence and commitment of the Subscriber, the controlling shareholder of the Company, towards the long-term and sustainable development of the Company. The Subscription will align the interest of the Company and the Subscriber to improve the financial and business performance of the Group as a whole.

USE OF PROCEEDS

The gross proceeds of the Subscription are expected to be approximately HK\$48.3 million in aggregate. After deducting related fees and expenses, the net proceeds of the Subscription will amount to approximately HK\$47.7 million. The Company intends to apply the net proceeds in the following manner:

- (i) as to approximately HK\$37.5 million (including interest payment up to the maturity date) (representing approximately 78.6% of the net proceeds) for repayment of indebtedness of the Group arising from the Unsecured Bonds; and
- (ii) as to approximately HK\$10.2 million (representing approximately 21.4% of the net proceeds) for the general working capital of the Group.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, the Subscriber (as wholly-owned by Mr. Lin Yuhao) is the holder of 204,315,087 Shares representing approximately 67.64% of the existing total number of issued Shares, and is therefore the controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Subscription constitutes a non-exempt connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lin Yuhao, being the sole shareholder of the Subscriber, is interested in the Subscription and has abstained from voting at the Board meeting held to approve the Subscription.

Mr. Lin Yupa, being the elder brother of Mr. Lin Yuhao has abstained from voting at the Board meeting held to approve the Subscription.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 60,416,681 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares.

GENERAL

The Company will seek approval from the Independent Shareholders at the GM in relation to the allotment and issue of the Subscription Shares, the Subscription Agreement and the transaction contemplated thereunder. The Subscription Shares will be allotted and issued under the General Mandate to allot, issue and deal with the Subscription Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the GM. The Subscriber and other Shareholders who are involved or interested in the Subscription Agreement shall abstain from voting at the GM in respect of the resolutions approving the Subscription Agreement to be proposed at the GM.

Save for the Subscriber and its associates, to the best knowledge of the Directors, no other existing Shareholder has a material interest in the Subscription. As such, no Shareholder other than the Subscriber and its associates is required to abstain from voting in relation to the resolutions to approve the Subscription to be proposed at the GM.

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang, will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder; and (iv) a notice convening the GM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or about 10 February 2021.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 15 June 2020;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	a day (except Saturday, Sunday and public holiday) on which banks in Hong Kong and the PRC are open for business;
“Company”	China Finance Investment Holdings Limited (stock code: 875), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement;

“Completion Date”	the fifth (5th) Business Day after the satisfaction and/or waiver (where applicable) of all the conditions precedents of the Subscription Agreement or such other date as may be agreed by the Company and the Subscriber in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“COVID-19”	the coronavirus disease 2019;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the General Mandate granted to the Directors at the AGM subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM;
“GM”	a general meeting to be held by the Company to approve the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang, which will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and transaction contemplated thereunder;
“Independent Shareholders”	for the purpose of the Subscription, Shareholders of the Company other than (i) the Subscriber and its associates; and (ii) any other Shareholders who have a material interest in the Subscription;

“Interim Report”	the interim report of the Company for the six months ended 30 June 2020;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lin Yuhao”	Mr. Lin Yuhao, a non-executive Director and the chairman of the Board who is also the ultimate beneficial owner of the Subscriber;
“Mr. Lin Yupa”	Mr. Lin Yupa, an executive Director and also the elder brother of Mr. Lin Yuhao;
“Preference Shares”	the non-voting convertible Class B preference shares of HK\$0.01 each in the share capital of the Company;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.01 in the issued share capital of the Company (or such ordinary share(s) of HK\$0.01 in the issued share capital of the Company prior to the capital reorganization of the Company effective from 25 April 2019, as the context requires);
“Share Options”	the share option(s) to subscribe for Share(s) under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 6 June 2013;
“Shareholder(s)”	the holder(s) of the Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber”	Sino Richest Investment Holdings Limited, a limited liability company incorporated under the laws of British Virgin Islands, the entire issued share capital of which is wholly-owned by Mr. Lin Yuhao; the controlling shareholder of the Company;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and the Subscriber on 20 January 2021 in respect of the Subscription;
“Subscription Price”	HK\$0.8 per Subscription Share;
“Subscription Shares”	60,416,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement;
“Unsecured Bonds”	unsecured bonds issued by the Company on 4 May 2017 (with an outstanding principal amount of approximately RMB9.0 million) and 5 May 2017 (with an outstanding principal amount of approximately RMB13.6 million) respectively to independent third parties at 10% per annum interest;
“%”	per cent.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman

Hong Kong, 20 January 2021

As at the date of this announcement, the Board comprises six Directors, including two executive Directors, namely Ms. Diao Jing and Mr. Lin Yupa, one non-executive Director, namely Mr. Lin Yuhao and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.