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## 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)**

### SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the annual report of China Finance Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 published by the Company on 27 April 2023 (the “**2022 Annual Report**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined and used in the 2022 Annual Report.

In addition to the information provided in the 2022 Annual Report, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide further information in relation to the share option scheme adopted by the Company pursuant to Chapter 17 of the Listing Rules.

#### **Share option scheme adopted by the Company on 6 June 2013 (the “Scheme”)**

The estimated fair value of share options granted on 16 December 2022 (the “**Date of Grant**”) was approximately HK\$15,615,716 and its breakdown by each class of grantees is as follows:

<b>Class of grantees</b>	<b>Fair value of share options at the Date of Grant</b> <i>(HK\$)</i>
Directors	6,932,497
Employees	8,683,219
<b>Total</b>	<b><u>15,615,716</u></b>

The fair value of the share options is determined at the Date of Grant using Binominal Option Pricing Model by an independent valuer. Please refer to Note 31 to the consolidated financial statements of the 2022 Annual Report for details.

The number of share options available for grant under the scheme mandate was 36,249,940 and nil as at 1 January 2022 and 31 December 2022, respectively. There was no service provider sublimit set under the Scheme.

The total number of shares that may be issued by the Company under the Scheme during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period was approximately 5.98%.

## **Summary of material matters relating to the Scheme reviewed by the Remuneration Committee**

### *Vesting period*

To ensure the practicability in fully attaining the purpose the Scheme, the Board and the Remuneration Committee are of the view that:

- (i) there is a need for the Company to retain flexibility in certain cases to provide competitive remuneration packages to attract and retain the directors, employees and consultants of the Group (the “**Grantees**”) to work for the success and improve performance of the Group, to provide for succession planning and the effective transition of employee responsibilities, to reward and recognise the contributions of the Grantees to the Group and to reinforce the Grantees’ commitments to long-term services to the Group; and
- (ii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to motivate exceptional performers based on performance metrics rather than to impose time-based vesting criteria.

Hence, the Board and the Remuneration Committee are of the view that the grant of share options to the Grantees with no vesting period aligns the interest of the Grantees with that of the Company and its shareholders and is consistent with the purpose of the Scheme.

### *Performance target*

At the time of the grant of the share options, the Company may specify any performance target(s) which must be achieved. However, the Scheme does not contain any performance targets. The Remuneration Committee has noted that the purpose of the Scheme is to provide incentives or rewards to the Grantees for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Having considered that (i) the Scheme was adopted before the new Chapter 17 of the Listing Rules came into effect and therefore was not required to set a performance target; (ii) the grant of share options without performance target is consistent with the Company’s customary practice on previous grants of share incentives to the Grantees; (iii) the Grantees hold important roles and undertake key responsibilities in the Group; (iv) the Grantees have made past contributions to the Group and are believed to continue to make contributions to the future development of the Group, the Board and the Remuneration Committee are of the view that the grant of share options without any performance target could align the interests of the Grantees with incentive to the Grantees to work towards the success of the Group and reinforce their commitments to long-term services to the Group, which is in line with the purpose of the Scheme and aligns the interest of the Grantees with that of the Company and its shareholders.

### *Clawback mechanism*

There is no clawback mechanism attached to the share options. The share options granted shall lapse automatically and not be exercisable, to the extent not already exercised, with immediate effect if the Grantee (being an employee or officer of any member of the Group), ceases to be a participant of the Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily.

In respect of the share options granted during the Reporting Period, the Remuneration Committee considers that the Scheme provides the Grantees with an opportunity to have a personal stake in the Company with the view to satisfy the objectives of (i) motivating the Grantees to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining on-going employment/business relationship with the Grantees whose contributions are or will be beneficial to the long-term growth of the Group. Having considered that (i) the Grantees are eligible participants under the Scheme who would contribute directly to the overall business performance, sustainable development and/or corporate governance of the Group; (ii) the grant of share options to the Grantees is a recognition for their past contributions to the Group; and (iii) the share options are subject to the terms of the Scheme which provides for circumstances under which the share options shall lapse automatically, the Board and the Remuneration Committee are of the view that without additional clawback mechanism, the grant of share options could align the interest of the Grantees with that of the Company and its shareholders, reward and provide incentive to the Grantees to work for the success of the Group, and reinforce their commitments to long-term services to the Group, which is in line with the purpose of the Scheme.

Save as disclosed above, the Company did not make any grant of share options to the directors and/or senior managers of the Group as set forth in Rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the Reporting Period.

The supplemental information provided in this announcement does not affect other information contained in the 2022 Annual Report. Save as disclosed in this announcement, the contents of the 2022 Annual Report remain unchanged.

By order of the Board  
**China Finance Investment Holdings Limited**  
**Lin Yuhao**  
*Chairman and Chief Executive Officer*

Hong Kong, 13 October 2023

*As at the date of this announcement, the Board comprises five Directors, including one executive Director, namely Mr. Lin Yuhao, one non-executive Director, namely Ms. Han Xiuhong and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.*