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If you have sold or transferred all your shares in China Finance Investment Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 91.1% EQUITY INTEREST IN SHENZHEN TAIHENGFENG TECHNOLOGY COMPANY LIMITED

A letter from the Board is set out on pages 5 to 16 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed "DEFINITIONS" in this circular, unless the context requires otherwise.

The Disposal and the transactions contemplated thereunder have been approved by written shareholders' approval obtained from Mr. Lin and Sino Richest, which is wholly-owned by Mr. Lin, in lieu of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. This circular is despatched to the Shareholders for information only.

21 November 2022

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Finance Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the SPA
“Completion Date”	the date when the filing requirements and administrative procedures in relation to the change of title to the Sale Shares and modification of industrial and commercial registration of the Target Company is officially completed, being the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB93,000,000 (equivalent to approximately HK\$105,722,400) (tax exclusive) payable by the Purchaser to the Vendor in respect of the Disposal pursuant to the terms of the SPA
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser
“Effective Date”	26 September 2022, the date on which the SPA becomes legally effective and binding on the Purchaser and the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Loan”	the intra-group loans repayable by the Target Group to the Vendor and/or its associates in the amount of approximately HK\$216,962,698 as at the Latest Practicable Date (subject to the consolidated accounts of the Target Group as at the date of the SPA and any accounting adjustment on the Completion Date)
“Mr. Lin”	Mr. Lin Yuhao, the executive Director, chairman of the Board, chief executive officer and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shenzhen Guorun Guarantee Investment Company Limited* (深圳市國潤擔保投資有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	91.1% equity interest in the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or modified from time to time
“Share(s)”	share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s) in issue

DEFINITIONS

“Share Charge Agreement”	the share charge agreement executed by the Purchaser in favour of the Vendor on the Effective Date to ensure the prompt payment of the third instalment of the Consideration and repayment of the Loan
“Shenglianfeng Electronics”	Shenzhen Shenglianfeng Electronics Company Limited* (深圳市盛聯豐電子有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Target Company
“Shenglianfeng Micro Finance”	Shenzhen Shenglianfeng Micro Finance Company Limited* (深圳市盛聯豐小額貸款有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Shenglianfeng Electronics and an indirect wholly-owned subsidiary of the Target Company
“Sino Richest”	Sino Richest Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Lin; a controlling shareholder of the Company
“SPA”	the conditional sale and purchase agreement dated 26 September 2022 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taihengfeng Culture”	Shenzhen Taihengfeng Culture Development Company Limited* (深圳泰恒豐文化發展有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Target Company
”Target Company”	Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company, Shenglianfeng Electronics, Taihengfeng Culture and Shenglianfeng Micro Finance

DEFINITIONS

“Vendor” Shenzhen Guonong Technology Company Limited* (深圳市國農科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%” percent

* *The English translation of Chinese name(s) in this circular, where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.0 to HK\$1.1368. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



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)

Executive Director:

Mr. LIN Yuhao (*Chairman*)

Non-executive Director:

Ms. HAN Xiuhong

Independent Non-executive Directors:

Mr. LI Shaohua

Ms. ZHU Rouxiang

Ms. LI Yang

Registered Office:

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Principal place of business

in Hong Kong:

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Tsim Sha Tsui, Kowloon

Hong Kong

21 November 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF 91.1% EQUITY INTEREST IN SHENZHEN
TAIHENGFENG TECHNOLOGY COMPANY LIMITED

INTRODUCTION

Reference is made to the announcements of the Company dated 26 September 2022 and 30 September 2022 in relation to the disposal of 91.1% equity interest in the Target Company. On 26 September 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the

LETTER FROM THE BOARD

Company, entered into the SPA with the Purchaser, an independent third party, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares held by the Vendor (representing 91.1% equity interest in the Target Company), at the Consideration of RMB93.0 million (tax exclusive) subject to the terms of the SPA.

The purpose of this circular is to provide you with, *inter alia*, (i) further details of the Disposal and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules.

THE SPA

Date

26 September 2022 (after trading hours)

Parties

- (i) Vendor: Shenzhen Guonong Technology Company Limited* (深圳市國農科技有限公司), an indirect wholly-owned subsidiary of the Company
- (ii) Purchaser: Shenzhen Guorun Guarantee Investment Company Limited* (深圳市國潤擔保投資有限公司), owned by 汪琮富 and 李傑 equally

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners, namely, 汪琮富 and 李傑, are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Prior to the Completion, the equity interest in the Target Company is owned as to 91.1% by the Vendor and as to 8.9% by the Purchaser. The Target Company is an investment holding company.

Pursuant to the SPA, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (being the equity interest held by the Vendor in the Target Company), free from all encumbrances.

LETTER FROM THE BOARD

Consideration

The Consideration of the sale and purchase of the Sale Shares is RMB93,000,000 (equivalent to approximately HK\$105,722,400) (tax exclusive).

The Consideration was determined by the parties to the SPA after arm's length negotiation and having taken into account of:

- (i) the unaudited adjusted consolidated net asset value of the Target Group attributable to the Company as at 31 July 2022 of approximately HK\$104.5 million (the “**Unaudited Adjusted Consolidated NAV**”); and
- (ii) the unaudited consolidated net profit of the Target Group for the year ended 31 December 2021 of approximately HK\$15.4 million and the unaudited consolidated net loss of the Target Group for the year ended 31 December 2020 of approximately HK\$14.0 million.

The Consideration represents a small premium of approximately 1.1% to the Unaudited Adjusted Consolidated NAV.

The Directors are of the view that the Consideration is fair and reasonable having considered the abovementioned factors and is in the interests of the Company and the Shareholders as a whole.

Payment terms

The Consideration for the Disposal shall be paid by the Purchaser to the Vendor in cash in three instalments:

- (i) the first instalment: not less than 30% of the Consideration (i.e. RMB27,900,000 (equivalent to approximately HK\$31,716,720)) to be paid within 3 days of the Effective Date;
- (ii) the second instalment: not less than 20% of the Consideration (i.e. RMB18,600,000 (equivalent to approximately HK\$21,144,480)) to be paid before submitting the modification of the industrial and commercial registration of the Target Company; and
- (iii) the third instalment: the remaining outstanding balance of the Consideration (i.e. 50% of the Consideration (RMB46,500,000, equivalent to approximately HK\$52,861,200)) to be paid within 30 days after the Completion.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the first instalment of RMB27,900,000 (equivalent to approximately HK\$31,716,720) has been received by the Group.

The second instalment of the Consideration is expected to be paid by the Purchaser by the end of November 2022, while the Disposal is expected to be consummated by the end of December 2022.

Outstanding Loan repayable by the Target Group

As at the Latest Practicable Date, there were intra-group loans repayable by the Target Group to the Vendor (including the associate(s) of the Vendor) in the amount of approximately HK\$216,962,698 (subject to the consolidated accounts of the Target Group as at the date of the SPA and any accounting adjustment on the Completion Date), which shall be repaid by the Target Group to the Vendor by quarterly-instalments within 2 years after the Completion Date. The repayment amount in every quarter shall be not less than 12.5% of the aggregate amount of the Loan (the “**Loan Repayment Schedule**”). The Purchaser agrees that the Vendor shall have the right to review the accounts of the Target Group at any time.

The Loan shall be interest-free for the 2 years after the Completion Date. The Loan Repayment Schedule was agreed after arm’s length negotiations between the Vendor and the Purchaser, taking into consideration of (i) the first ranking share charge executed by the Purchaser in favour of the Vendor over the entire equity interest (together with all existing and future rights and interests thereof) in the Target Company, which also include 8.9% equity interest already owned by the Purchaser; and (ii) the Designated Account Repayment Arrangement, details of which are set out in the subsection headed “Share Charge” below. In view of the above, the Directors consider that the terms of the Loan Repayment Schedule are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal shall be conditional upon and subject to the fulfilment and satisfaction of the following:

- (i) the Purchaser having obtained all consents and approvals in respect of the Disposal;
- (ii) the Vendor having obtained all consents and approvals in respect of the Disposal;
- (iii) the Company has obtained a written approval from the Shareholders holding 50% or more of the Shares pursuant to the Listing Rules in respect of the Disposal and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (iv) no event, fact or circumstance of the Purchaser constitutes or may constitute a breach of any warranty given by the Purchaser or a breach of any term of the SPA; and
- (v) no event, fact or circumstance of the Vendor constitutes or may constitute a breach of any warranty given by the Vendor or a breach of any term of the SPA.

As at the Latest Practicable Date, conditions (i), (ii) and (iii) have been fulfilled.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Vendor shall cease to have any interest and rights in the Sale Shares (save for the security interests reserved by the Vendor pursuant to the Share Charge Agreement mentioned below).

Share Charge

The Share Charge Agreement was executed by the Purchaser in favour of the Vendor on the Effective Date, under which the Purchaser agrees to grant a first ranking share charge over the entire equity interest (together with all existing and future rights and interests thereof) in the Target Company (the “**Charged Shares**”) to the Vendor with effect from the Completion Date to secure the prompt payment/repayment of the third instalment of the Consideration and the Loan (the “**Outstanding Amount**”).

Pursuant to the Share Charge Agreement, the Purchaser agrees to procure that all revenue of the Target Group generated from the Completion Date, being the effective date of the Share Charge Agreement, until the full repayment of the Loan or when the share charge under the Share Charge Agreement is enforced, whichever is earlier, be paid to the bank account (the “**Designated Account**”) designated by the Vendor, and the Vendor is entitled to deduct the corresponding amount of the Loan from the Designated Account in accordance with the Loan Repayment Schedule (the “**Designated Account Repayment Arrangement**”).

The Vendor shall have specific rights and remedies under the Share Charge Agreement that are in addition to any and all other rights or remedies (by law, statute, ordinance or otherwise) available to the Vendor to enforce the share charge in case of default of the Outstanding Amount, which include, among other things, the right to sell or dispose of the Charged Shares (in full or in part), and to apply the proceeds derived therefrom to satisfy the obligations secured under the Share Charge Agreement (including, but not limited to, the payment/repayment of the Outstanding Amount) (the “**Share Charge Enforcement**”).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Outstanding Amount (approximately HK\$269,823,898) is higher than that of the Unaudited Adjusted Consolidated NAV. Thus, it is expected that the Share Charge Enforcement will only result in a partial set-off of the Outstanding Amount in case of default. Yet based on a preliminary assessment of the remedies or recourse available to the Vendor under the SPA, the Share Charge Agreement, or otherwise in law or in equity, the Directors believe that the foreseeable shortfall can be remedied sufficiently, if not substantially, by each, and/or the cumulative of the following:

1. the Vendor's right to proceeds from the sale or disposal of the Charged Shares under the Share Charge Agreement;
2. the Vendor is entitled to commence legal proceedings to recover the Outstanding Amount;
3. the Vendor, in accordance with the terms of the SPA, shall be entitled to receive from the Purchaser an amount that equals to 10% of the Consideration, i.e. RMB9,300,000 (equivalent to approximately HK\$10,572,240), as penalty for its failure to pay, in full, the Consideration in breach of the SPA; and
4. the anticipated shortfall with respect to the Loan can be mitigated by the Designated Account Repayment Arrangement, the extent of which such amount paid into the Designated Account can be applied to offset the Loan will yet depend on the revenue generated by the Target Group during the relevant period commencing on the Completion Date and up to and until the full repayment of the Loan or when the share charge under the Share Charge Agreement is enforced, whichever is earlier.

In any event, the Vendor, having reserved in the Share Charge Agreement, its right to recover from the Purchaser the Charged Shares, is entitled at its full discretion to elect to retain the Charged Shares in full or in part. Pursuant to the Share Charge Agreement, until and unless the share charge is fully released upon settlement of the Outstanding Amount, the Purchaser undertakes to keep the Charged Shares free from any encumbrances, options or pre-emption rights or any other restriction or limitation, contractual or otherwise, except for those restrictions or limitations arising from the articles of association of the Target Company and the Share Charge Agreement, and the Purchaser represents, warrants and covenants that no action or measures shall be taken (or cause to be taken) that may prejudice, interfere with or be in conflict or inconsistent with the interests of the Vendor under the Share Charge Agreement, including but not limited to such action or measure which may adversely affect the value of the Charged Shares. It is further provided in the Share Charge Agreement that, in the event of a reduction in value of the Charged Shares, the Purchaser warrants to immediately notify the Vendor and use its best endeavours to take any active measures or steps as may be appropriate or necessary to effectively prevent any

LETTER FROM THE BOARD

further reduction in the value of the Charged Shares. The Vendor also therein reserves the right to request the Purchaser to make up for any shortfall in the value of the Charged Shares, and that the Vendor is entitled to any appropriate recourse, to the fullest extent as permitted by law, as solely determined by and at the absolute discretion of the Vendor, including but not limited to requesting that the Purchaser furnish alternate forms of security (in cash, in kind or otherwise) in such amounts equivalent to the shortfall in the value of the Charged Shares.

It is believed that as the Vendor is entitled, under the Share Charge Agreement, to demand from the Purchaser, such return of the Charged Shares (either at the same value as at the Completion Date, or otherwise with the shortfall in value being replenished by the Purchaser in accordance with the aforementioned terms of the Share Charge Agreement), the Vendor will, at the very least, be restored to such position as if the transactions contemplated under the SPA have not taken place. Thus, based on the fact that the Vendor is not expected to suffer any material financial loss in the event of any breach by the Purchaser of its obligations under the SPA and/or the Share Charge Agreement, and in light of the aforementioned possible remedies and recourse available to the Vendor upon such occurrence, the Directors believe that the Purchaser's defaults (any or all of which) should not have material impact on the business operation and financial positions of the Group.

The Group will continue to assess the financial impact of any potential default by the Purchaser on any of its obligations under the SPA and the Share Charge Agreement, and will also consider the full range of potential remedies or recourse available to the Vendor after taking into account the advice of its legal and other professional advisers, and will take all actions as it deems appropriate and in the best interest of the Shareholders and the Group as a whole at the material time, including but not limited to initialling legal proceedings, negotiating for further extension of payment/repayment, negotiating or requesting for further security or guarantee or proceed with the Share Charge Enforcement.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 875). The Group is principally engaged in (i) cultivating of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food in the PRC ("**Agricultural and Meat Business**"); (ii) provision of money lending services ("**Money Lending Business**"); and (iii) securities trading and brokerage services ("**Securities Brokerage Business**").

LETTER FROM THE BOARD

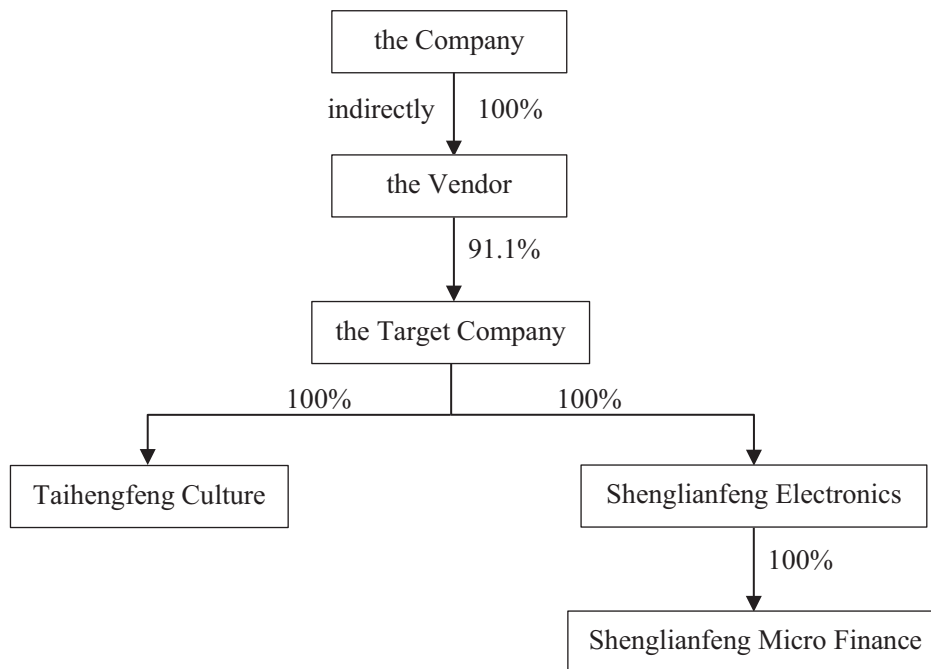
INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. It is principally engaged in the business of non-financing guarantee, investment in business, marketing planning, investment project planning, retail and wholesale of building materials, e-commerce, domestic trading, import and export of goods and technology.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners, namely, 汪琮富 and 李傑, are third parties independent of and not connected with the Company and its connected persons.

INFORMATION OF THE TARGET GROUP

The Target Company is a company established in the PRC with limited liability and is owned as to 91.1% by the Vendor and 8.9% by the Purchaser. The Target Company is an investment holding company which holds the entire equity interest in each of Shenglianfeng Electronics, Shenglianfeng Micro Finance and Taihengfeng Culture. Prior to the Completion, the corporate structure of the Target Group is set out as follow:



Shenglianfeng Electronics

As at the Latest Practicable Date, Shenglianfeng Electronics had no business operation. Shenglianfeng Electronics holds 100% equity interest in Shenglianfeng Micro Finance.

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Taihengfeng Culture

As at the Latest Practicable Date, Taihengfeng Culture had no business operation.

Shenglianfeng Micro Finance

Shenglianfeng Micro Finance is principally engaged in provision of micro finance business.

Set out below is a summary of unaudited consolidated financial information of the Target Group, which has been prepared in accordance with Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2020 and 2021:

	For the year ended 31 December 2020 <i>HK\$'000</i>	For the year ended 31 December 2021 <i>HK\$'000</i>
Revenue	20,490	23,968
Profit/(loss) before taxation	(9,321)	20,803
Profit/(loss) after taxation	(13,954)	15,396
	As at 31 December 2020 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Net assets	64,733	82,299

The Target Group recorded a loss before taxation of approximately HK\$9.3 million for the year ended 31 December 2020 and a profit before taxation of approximately HK\$20.8 million for the year ended 31 December 2021. As at 31 July 2022, the Target Group had an unaudited consolidated net asset value of approximately HK\$114.8 million.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Group is principally involved in micro finance business in Shenzhen, the PRC, through provision of loans to individual and corporate clients. Relevant laws and policies in the PRC have been changing these years, which led to a restructuring of the money lending industry in the PRC. Due to the uncertain economic environment and relevant money lending policy in the PRC, the Group does not foresee a material improvement in the performance of the Target Group.

On 5 August 2022, the Group entered into a sale and purchase agreement with the Purchaser, pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase 8.9% equity interest in the Target Company at the consideration of approximately RMB8.7 million (the “**Partial Disposal**”). The consideration was based on 8.9% of the net asset value of the Target Group as at 30 June 2022. As at the Latest Practicable Date, the Partial Disposal has been completed.

The Directors consider that the principal business of the Target Group is substantially different by nature from and hence cannot be integrated with the Group’s core business and operations. Hence against the backdrop of a paler economic outlook, the retaining of the Target Group when costs and operational synergies could not be attained has prompted the Group’s decision to dispose of its remaining equity interest in the Target Group whilst it is still profitable so as to preserve value for the Shareholders. As such, subsequent to the Partial Disposal, the Vendor negotiated further with the Purchaser for the disposal of its remaining equity interest in the Target Company. The Directors believe that, over time, the Group will stand to benefit from such disposal, as it would allow the Group to (i) reallocate its resources and focus on its Agricultural and Meat Business; (ii) better streamline its cost structure to gain efficiencies, scalability and competitive advantages; and (iii) maximise value for the Shareholders.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the Disposal and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds of the Disposal (after payment of professional fees and other related expenses) are estimated to be approximately HK\$105.3 million. The proposed use of net proceeds is set out below:

- (i) approximately HK\$35.3 million or approximately 33.5% of the net proceeds will be used as the general working capital of the Group; and

LETTER FROM THE BOARD

- (ii) approximately HK\$70.0 million or approximately 66.5% of the net proceeds will be used for purchase of prepared foods, poultry, seafood and agricultural produce to enhance its Agricultural and Meat Business.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to hold any equity interest in the Target Company and the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

It is estimated that the Group will record an unaudited profit on the Disposal (after taking into account of professional fees and other related expenses) of approximately HK\$0.8 million and such profit is calculated based on the difference between the Consideration of approximately HK\$105.7 million, and the Unaudited Adjusted Consolidated NAV as at 31 July 2022 of approximately HK\$104.5 million and professional fees and other related expenses. The actual gain or loss as a result of the Disposal to be recorded by the Group may be changed depending on the consolidated net book value of the Target Group as at the Completion Date of the SPA and is subject to any accounting adjustment and audit by the auditors of the Company.

Having taken into account the net proceeds from the Disposal of approximately HK\$105.3 million and the Unaudited Adjusted Consolidated NAV as at 31 July 2022 of approximately HK\$104.5 million, it is estimated that upon completion of the Disposal, the total assets of the Group will decrease by approximately HK\$216.4 million while the total liabilities of the Group will decrease by approximately HK\$217.6 million. It is estimated that the net assets of the Group will increase by approximately HK\$0.8 million.

LISTING RULES IMPLICATIONS

Since the SPA was entered into and the Partial Disposal was completed within a 12 month period and were entered into between/completed by the same parties, pursuant to Rule 14.22 of the Listing Rules, the Disposal and the Partial Disposal shall be aggregated for determining the percentage ratios under Rule 14.07 of the Listing Rules and treated as if they were one transaction.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal and the Partial Disposal in aggregate exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholders or any of their associates have any material interest in the Disposal and the transactions contemplated under the SPA. As such, no Shareholder is required to abstain from voting on the proposed resolution to approve the Disposal and the transactions contemplated thereunder if a general meeting of the Shareholders was to be convened. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. Mr. Lin and his associate, Sino Richest, who together hold an aggregate of 266,215,087 Shares, representing approximately 70.19% of the issued share capital of the Company as at the Latest Practicable Date, have given a written approval in respect of the Disposal and the transactions contemplated thereunder. Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Disposal and the transactions contemplated thereunder.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the Disposal and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) would recommend the Shareholders to vote in favour of the resolution to approve the Disposal and the transactions contemplated thereunder if it had been necessary to hold a general meeting for such purpose.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 is disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cfi.hk) respectively:

- Interim Report for the six months ended 30 June 2022 (pages 17 to 59), details of which can be referred to at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0928/2022092800542.pdf>
- Annual Report 2021 (pages 77 to 191), details of which can be referred to at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0513/2022051302086.pdf>
- Annual Report 2020 (pages 73 to 191), details of which can be referred to at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901649.pdf>
- Annual Report 2019 (pages 53 to 151), details of which can be referred to at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700885.pdf>

2. INDEBTEDNESS STATEMENT

As at 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following liabilities:

Promissory note

As at 30 September 2022, the Group had issued an unsecured promissory note to Mr. Lin with carrying amount of approximately HK\$16,339,000, which bore interest at 3% per annum and had a maturity date of 23 September 2018. The Company entered into several extension agreements with Mr. Lin to extend the maturity date from 23 September 2018 to 31 July 2023, free of interest during the extension period.

Bank and other borrowings

As at 30 September 2022, the bank loans of the Group amounted to approximately HK\$173,191,000, which were secured by the Group's leasehold land and buildings. The bank loans bore interest at 4.35%-9% per annum and were repayable within one year.

As at 30 September 2022, other loans of the Group amounted to approximately HK\$235,154,000, which were unsecured, interest free and repayable on demand.

Bills payables

As at 30 September 2022, the bills payables of the Group amounted to approximately HK\$50,364,000, which were secured by pledged bank deposits of the Group.

Lease liabilities

As at 30 September 2022, the lease liabilities of the Group amounted to approximately HK\$22,759,000.

Pledged assets

As at 30 September 2022, certain buildings and plant and machinery and bank deposits were pledged to secure bank loans and bills payables of the Group.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or any term loans (guaranteed, unguaranteed, secured or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments (guaranteed, unguaranteed, secured or otherwise), mortgages, charges, other material contingent liabilities or guarantees, as at 30 September 2022.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in (i) Agricultural and Meat Business; (ii) Money Lending Business; and (iii) Securities Brokerage Business.

Upon Completion, the Group will no longer have any equity interest in Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司), and will thereby cease to engage in the Money Lending Business. Instead, the Group is resolved to focus its resources and effort on the Agricultural and Meat Business going forward.

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural and Meat Business, the Group has been actively developing its trading of agricultural and meat produce, poultry, seafood and prepared food business and commencing the supply of produce to supermarkets and online platforms in the PRC. The Group entered into various agreements with e-commerce operators and online sales platforms to enhance the online sales of its agricultural and meat produce, poultry, seafood and prepared food. Through such cooperation, the Group is expected to expand its online sales channels, and thus diversify its revenue stream. Meanwhile, the Group is seeking any vertical integration business opportunity to enhance its revenue stream, including but not limited to provisions of door-to-door delivery services for its

agricultural, seafood and meat produce in the PRC. Looking ahead, the Group will continue to control its costs, utilise its existing resources and collaborate with research institutes in the PRC to further strengthen the cultivation of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food with high potential for development, and pursue acquisitions when opportunities arise.

In regard to the Securities Brokerage Business, having considered that there being no clear potential for material improvement on the performance of the Securities Brokerage Business under the current operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and provide greater value to the Shareholders by focusing its resources on other business segments. As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the “**Agreement**”) (as amended by 29 supplemental deeds) with an independent third party (the “**Securities Brokerage Business Purchaser**”), pursuant to which the Group conditionally agreed to sell the Securities Brokerage Business to the Securities Brokerage Business Purchaser. Due to the failure in fulfilling certain conditions precedent in the Agreement, the Group and the Securities Brokerage Business Purchaser entered into a termination agreement on 31 October 2022, pursuant to which both parties agreed to terminate the Agreement and to release and discharge each other from its respective obligations under the Agreement and the relevant supplemental deeds. Going forward, the Group will continue to seek potential buyers for the intended disposal of the Securities Brokerage Business.

Meanwhile, the Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the effects of the Disposal, and the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the working capital available to the Group is sufficient for its requirements for at least 12 months from the date of this circular.

The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance, as known to the Directors, pending or threatened against any member of the Group.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity	Nature of interest	Number of Shares/underlying shares held	Approximate percentage of shareholding in class
Mr. Lin	Interest of controlled corporation	Ordinary shares (Note 1)	264,731,087	69.80%

Name of Director	Capacity	Nature of interest	Number of Shares/underlying shares held	Approximate percentage of shareholding in class
	Beneficial owner	Share options (Note 2)	4,379,948	1.15%
	Beneficial owner	Ordinary shares	1,484,000	0.39%

Notes:

1. 264,731,087 shares were held by Sino Richest, a company incorporated in British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Lin, an executive Director, chairman of the Board and chief executive officer of the Company. Accordingly, Mr. Lin is deemed to be interested in the Shares of the Company held by Sino Richest.
2. These represented the interests in underlying shares in respect of share options granted by the Company, as per the share option scheme adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests and short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors or chief executive of the Company) who had, or were deemed to have, an interest or short position in the Shares, underlying shares or debentures 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, or which were required to be recorded in the register of interests in shares and short positions as required to be maintained by the Company under section 336 of the SFO, were as follows:

Long position in the Shares

Nam of Shareholder	Capacity	Nature of interest	Number of shares held	Approximate percentage of shareholding in class
Sino Richest (Note)	Beneficial owner	Ordinary shares	264,731,087	69.80%

Note: Sino Richest, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Lin, an executive Director, chairman of the Board and chief executive officer of the Company. Accordingly, Mr. Lin is deemed to be interested in the Shares of the Company held by Sino Richest under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company) who had or was deemed to have any interest or short position in the Shares, underlying shares or debentures 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, or which were required to be recorded in the register of interests in shares and short positions as required to be maintained by the Company under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had 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 since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up; and

- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, all Directors have entered into letters of appointment or service contracts with the Company. None of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) six supplemental deeds entered into between Ace Jumbo Ventures Limited (“**Ace Jumbo**”), an independent third party, and Golden Rich International Financial Group Limited (“**Golden Rich**”), an indirect wholly-owned subsidiary of the Company, on 24 November 2020, 24 February 2021, 24 August 2021, 24 November 2021, 24 January 2022 and 22 July 2022 respectively, under which the parties agreed to extend the date for fulfillment of the conditions precedent set out in the sale and purchase agreement (the “**Agreement**”) dated 25 May 2017 entered into between Ace Jumbo and Golden Rich for the sale and purchase of the entire issued share capital in Golden Rich Securities Limited (金裕富證券有限公司) (“**Golden Rich Securities**”) at the consideration of HK\$12,000,000 plus the net asset value of Golden Rich Securities as at 25 May 2017. For further information on the above supplemental deeds, please refer to the Company’s announcements dated 24 November 2020, 24 February 2021, 24 August 2021, 24 November 2021, 24 January 2022 and 22 July 2022;
- (b) a conditional subscription agreement dated 20 January 2021 entered into between the Company and Sino Richest, in relation to the subscription of 60,416,000 Shares by Sino Richest at the subscription price of HK\$0.80 per Share;

- (c) a sale and purchase agreement dated 5 August 2022 entered into between the Purchaser and the Vendor, in relation to the sale and purchase of 8.9% equity interest in the Target Company at the consideration of approximately RMB8.7 million;
- (d) the SPA;
- (e) the Share Charge Agreement; and
- (f) a termination agreement dated 31 October 2022 entered into between Ace Jumbo and Golden Rich, in relation to the termination of the Agreement and the release and discharge of obligations under the Agreement and the relevant supplemental deeds.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cfi.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the SPA; and
- (b) the Share Charge Agreement.

9. GENERAL

- (a) The company secretary of the Company is Mr. Au Yeung Ming Yin, Gordon. Mr. Au Yeung obtained a degree in Bachelor of Business (Business Administration) from the RMIT University in Australia and a post-graduate diploma in Professional Accounting from the Hong Kong Baptist University, and he is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Au Yeung has over 20 years of experience in auditing, financing, company secretarial and accounting field.
- (b) The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (c) The head office and principal place of business of the Company in Hong Kong is situated at Room 1502, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is situated at Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.