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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 2021

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 2021 published by the Company on 13 May 2022 (the “**Annual Report**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The Board would like to provide further information in relation to the Money Lending Business as follows:

CREDIT RISK ASSESSMENT POLICY FOR MONEY LENDING BUSINESS

The Group has established strict credit risk management procedures to regulate its Money Lending Business, which mainly consist of the following stages, namely (i) document collection and due diligence review on loan applicants; (ii) collective assessment and approval processes; and (iii) loan collection monitoring:

1. The credit manual sets out a list of documents and information required for loan applicants, including but not limited to identification document, income source proof, residential and employment status proof. The front office staff shall perform a legal search and bankruptcy, receivership or liquidation search on the applicants upon their loan applications;

2. The front office staff shall examine all documents and information collected and submit them to the management of the Money Lending Business (the “**Management**”) for review and approval. Collective decision-making is adopted to mitigate risks arising from personal judgment or prejudice of a single decision maker; and
3. The Management is responsible for on-going monitoring of the collection of loan: (i) on the day immediately after the due date, the front office staff shall make telephone reminders, and shall serve written reminders to the borrower on the 7th day, the 14th day and the 21st day thereafter respectively; (ii) if no response is received from the borrower, the Management shall pass the case to the credit control department for further actions; (iii) should steps (i) and (ii) above fail to restore the Group’s credit risk to an acceptable level, the Group may conduct land search against the borrower (if necessary) and issue formal demand notice via its legal adviser demanding repayment within a stated period of time; and (iv) if no tangible outcome arises out of the aforementioned steps, the Group may commence legal proceedings against the borrower.

The credit risk assessment is made on a case-by-case basis by reviewing the historical risk profile and the forward-looking information of the borrower, considering assessment of use of proceeds, source of repayment and repayment history, bankruptcy, receivership or liquidation record of the borrower, and the future prospect of the industry in which the borrower operates. Within the same loan category, the terms and conditions, such as the duration and repayment terms of loans, may vary. The Group is seeking to mitigate credit risk by narrowing its target customers to borrowers with better risk profiles. The Group also provides the employees of its Money Lending Business with professional training to raise their risk awareness.

SIZE AND DIVERSITY OF CLIENTS AND CONCENTRATION OF LOANS ON MAJOR CLIENTS

As at 31 December 2021, the Group had 54 borrowers, of which seven were corporate borrowers and 47 were individual borrowers. Out of the seven corporate borrowers, one was in financial services industry, one was in construction business, and the remaining five were in IT-related businesses, such as AI technology development, computer software and hardware development.

As at 31 December 2021, the Group had 60 loans with principal amounts ranging from approximately HK\$0.1 million to HK\$6.1 million with interest rate of 12%. The loan portfolio fell with the following bands:

Loan size	Number of loans fall into the band
Above HK\$5.0 million to HK\$6.1 million	26
Above HK\$4.0 million to HK\$5.0 million	8
Above HK\$3.0 million to HK\$4.0 million	13
Above HK\$2.0 million to HK\$3.0 million	2
Above HK\$1.0 million to HK\$2.0 million	2
HK\$0 to HK\$1.0 million	9
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	60
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As at 31 December 2021, the top five borrowers constituted 12.32% of the total principal amount of the Group's loan portfolio and 9.69% of the Group's loan receivables (including interest receivables).

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

Hong Kong, 29 September 2022

As at the date of this announcement, the Board of the Company 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.