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CHINA FINANCIAL INTERNATIONAL INVESTMENTS LIMITED

中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

VOLUNTARY ANNOUNCEMENT IN RELATION TO FORMATION OF TWO JV COMPANIES

This announcement is made by China Financial International Investments Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders of the Company and other investors an update on the latest business development of the Group.

THE COOPERATION AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 16 March 2020, the Company executed a cooperation agreement (the “**Cooperation Agreement**”) with the People’s Government of Nanyang (南陽市人民政府, the “**Nanyang Government**”) of the People’s Republic of China (the “**PRC**”), Sinopec Marketing Company Limited (“**Sinopec Marketing**”) and South South Asia-Pacific Bioenergy Limited (“**SSAPB**”, together with the Nanyang Government and Sinopec Marketing, the “**JV Partners**”), in relation to the formation of two joint venture companies.

Formation of JV Company I

Pursuant to the Cooperation Agreement, the parties thereto agreed to establish a joint venture company in Nanyang, the PRC, which will be principally engaged in the production and sales of fuel ethanol (“**JV Company I**”).

The registered share capital of JV Company I will be RMB150,000,000; and each of the Company, a company to be nominated by the Nangang Government (the “**Nanyang Government’s Nominee**”), Sinopec Marketing and SSAPB will subscribe for 30%, 20%, 20% and 30% of the equity interest of JV Company I, respectively.

The initial investment will be RMB50,000,000 and will be contributed by the JV Partners by cash in proportion to their respective equity interest in JV Company I. The Company will finance its subscription in JV Company I by internal fund.

Formation of JV Company II

Pursuant to the Cooperation Agreement, the parties thereto agreed to establish a joint venture company in Nanyang, the PRC, which will setup and operate gasoline stations to offer gasoline products (“**JV Company II**”, together with JV Company I, the “**JV Companies**”).

The registered share capital of JV Company II will be RMB150,000,000; and each of the Company, Nanyang Government’s Nominee, Sinopec Marketing and SSAPB will subscribe for 30%, 20%, 43% and 7% of the equity interest of JV Company II, respectively in cash in proportion to their respective equity interest in JV Company II. The Company will finance its subscription in JV Company II by internal fund.

Information of the JV Partners

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires,

- (i) the Nanyang Government owns 40% equity interest in 河南天冠企業集團有限公司 (transliterated in English as Henan Tianguan Enterprise Group Company Limited, which, in turn, owns 60% equity interest in 河南天冠燃料乙醇有限公司 (transliterated in English as Henan Tianguan Fuel Ethanol Company Limited) (“**Tianguan Ethanol**”). To the best knowledge of the Directors, the shareholders of Tianguan Ethanol are going to dissolve Tianguan Ethanol and all its assets for the production and sales of fuel ethanol will subsequently be acquired by JV Company I;
- (ii) Sinopec Marketing is a subsidiary of China Petroleum & Chemical Corporation, one of the largest integrated energy and chemical companies in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 386), the New York Stock Exchange and the London Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange. Sinopec Marketing is principally engaged in the marketing and distribution of refined petroleum products in the PRC.

- (iii) SSAPB is a company incorporated in the British Virgin Islands and a former wholly-owned subsidiary of the Company. In December 2018, the Company disposed of its entire interest in SSAPB, which was inactive at the material times, to Magic Oasis Limited, an independent third party. As at the date of this announcement, SSAPB is principally engaged in the provision of financial services and strategic consultation advice to the nations of the global South in relation to bioenergy projects; and
- (iv) each of the JV Partners and its respective ultimate beneficial owners is independent of and not connected to the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE COOPERATION AGREEMENT

The rapid development of industrialisation has brought the tremendous growth of carbon emission in the PRC. Pursuant to the work plan released in 2018 by National Energy Administration of the PRC, it is the policy of the PRC to develop a “clean, low carbon, safe and efficient energy system”, so as to reduce carbon emission and conserve energy.

Since 2015, the Group has been focusing on clean energy industry and made several investments. Bioenergy is a carbon neutral and renewable energy source that reducing greenhouse gas emissions. Biofuels such as ethanol and biodiesel, are less toxic and are biodegradable. Using biomass can help build resilience in agricultural, timber and food-processing industries. Bioenergy provides a use for their waste streams, can help them reduce their energy costs. The formation of the JV Companies is line with the investment focus of the Company.

It is expected that, JV Company I (i) will acquire the assets from Tianguan Ethanol for the production and sales of fuel ethanol; and (ii) will be listed as one of the fuel ethanol suppliers of Sinopec Marketing. If the annual fuel ethanol produced by JV Company I and other companies invested by the Nanyang Government is less than 1,000,000 tonnes, Sinopec Marketing agreed to procure all fuel ethanol from them. In the event that their annual fuel ethanol production exceeds 1,000,000 tonnes, Sinopec Marketing agreed to procure not less than 1,000,000 tonnes from them. Leverage on the extensive political and commercial network of SSAPB, in accordance with the “One Belt One Road” strategy, SSAPB will help promote biofuel ethanol in the nations of the global South.

On the other hand, the Nanyang Government agreed to provide not less than 100 sites to JV Company II for setting up gasoline stations, while Sinopec Marketing agreed to supply gasoline products JV Company II. In addition, JV Company II will be allowed to use the brand and trademarks of CPCC.

In view of the above, given that the principal business of the JV Companies in the production and sales of fuel ethanol to the end users is in line with the PRC government's policy to widen the renewable energy sources to support its unprecedented economic growth, the Directors considered that the investment in the JV Companies to develop clean energy is in line with the investment objective of the Company, and the entering into of the Cooperation Agreement is in the interest of the Company and its shareholders as a whole.

By order of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman and chief executive officer

Hong Kong, 16 March 2020

As at the date of this announcement, the executive Director is Mr. Du Lin Dong, the non-executive Directors are Mr. Ding Xiaobin, Mr. Zhang Huayu, Ms. Li Jie and Ms. Chen Xi and the independent non-executive Directors are Mr. Zhang Jing, Mr. Zeng Xianggao and Mr. Li Cailin.