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華融投資股份有限公司

HUARONG INVESTMENT STOCK CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2277)

**DISCLOSEABLE TRANSACTION
FINANCE LEASING ARRANGEMENT WITH
HEZE SHENZHOU ENVIRONMENTAL SERVICES CO., LTD.**

On 20 July 2017 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company, and the Lessee entered into the Agreements, pursuant to which the Lessor agreed to purchase certain photovoltaic power station equipments, being the Leased Assets, from the Lessee at a consideration of RMB110 million (equivalent to approximately HK\$124.3 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 6 years at an estimated total lease payment of approximately RMB138 million (equivalent to approximately HK\$155.9 million).

As one or more of the applicable percentage ratios as defined under the Listing Rules in relation to the transactions contemplated under the Agreements exceed 5% and are below 25%, the transactions contemplated under the Agreements constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 20 July 2017 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company, and the Lessee entered into the Agreements, pursuant to which the Lessor agreed to purchase certain photovoltaic power station equipments, being the Leased Assets, from the Lessee at a consideration of RMB110 million (equivalent to approximately HK\$124.3 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 6 years at an estimated total lease payment of approximately RMB138 million (equivalent to approximately HK\$155.9 million).

PRINCIPAL TERMS OF THE AGREEMENTS

Date	20 July 2017 (after trading hours)
Parties	<p>Lessor: 中聚(深圳)融資租賃有限公司 (Zhongju (Shenzhen) Financial Leasing Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, which is licensed in provision of financial leasing business in the PRC</p> <p>Lessee: 荷澤神州節能環保服務有限公司 (Heze Shenzhou Environmental Services Co., Ltd.*), a company based in Heze, Shandong Province, the PRC</p>
Subject matter	The Lessor agreed to purchase certain photovoltaic power station equipments, being the Leased Assets, from the Lessee and following which, to lease back the Leased Assets to the Lessee, subject to the terms and conditions of the Agreements.
Consideration	<p>The consideration payable by the Lessor to the Lessee for purchase of the Leased Assets is RMB110 million (equivalent to approximately HK\$124.3 million). The purchase price shall be paid by the Lessor to the Lessee in full after the satisfaction of certain condition precedents, including, amongst others, (i) the Finance Lease Agreement having been signed and becoming unconditional; and (ii) the Security Documents having been signed and becoming effective.</p> <p>The book value of the Leased Assets as of 30 June 2017 is approximately RMB120 million (equivalent to approximately HK\$135.6 million). The Lessor plans to fund the purchase price of the Leased Assets through its internal resources.</p>
Lease period	6 years, commencing on the date when the Lessor has made payment of the purchase price for the Leased Assets.

Lease payment and other fees	<p>Pursuant to the Finance Lease Agreement, during the lease period, the Lessor is entitled to receive a lease payment, to be paid in quarterly instalment throughout the lease period (in the first 6 months with only interest payment). The lease payment consists of:</p> <p>(a) the principal lease amount, which is RMB110 million (equivalent to approximately HK\$124.3 million), being the same amount as the purchase price for the Leased Assets; and</p> <p>(b) a floating interest rate, which is set at 253BP over the above-five-years benchmark loan interest rate by the People’s Bank of China. Based on the current interest rate of the People’s Bank of China, the total interest to be received by the Lessor during the lease period is estimated at approximately RMB28 million (equivalent to approximately HK\$31.6 million).</p>
Ownership of the Leased Assets	<p>The legal title of the Leased Assets shall vest in the Lessor throughout the lease period.</p>
Buyback	<p>Upon expiry of the lease period and subject to the settlement of all rental payment, interest, and amounts due to the Lessor, the Lessor will sell and the Lessee will purchase the Leased Assets at an agreed nominal consideration of RMB100 (equivalent to approximately HK\$113), which shall be paid together with the final instalment of the lease payment to the Lessor.</p>
Securities and guarantees	<p>Obligations of the Lessee under the Finance Lease Agreement are secured and guaranteed by the Security Documents.</p>

The terms of the Agreements, including the purchase price for the Leased Assets, principal lease amount and interest rate were determined after arm’s length negotiations between the Lessor and the Lessee with reference to the prevailing market rates for the similar finance leasing arrangement.

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENTS

Taking advantage of the rapid growth in the PRC's finance leasing industry, the Lessor has actively pursued investment opportunities by collaborating with companies investing and operating business in the new energy industry, the development of which is encouraged by the PRC government and which is also benefiting to environmental protection while aligning with the direction of the state's energy structural finetune, such as the Lessee. The board believes, by entering into of the Agreements, the Company will be able to capture investment opportunities in the new energy industry and potential investment returns in the transactions contemplated under the Agreements and generate stable income for the Group.

Having considered the above, the Directors are of the view that the transactions contemplated under the Agreements are entered into on normal commercial terms and the terms set out in the Agreements are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES

The Lessor and the Group

The Lessor is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Lessor is principally engaged in the provision of finance leasing business in the PRC.

The Group is principally engaged in the (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services.

The Lessee

The Lessee is a company incorporated in the PRC with limited liability and is principally engaged in the development and operation of new energy. As at the date of the announcement, the Lessee is wholly-owned by Gorun Energy.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Lessee and its ultimate beneficial owner(s) are Independent Third Parties.

The Security Providers

Gorun Energy is a company incorporated in the PRC with limited liability and is principally engaged in engineering, procurement construction, investment and development of new energy and related technology and equipments.

Mr. Xue is a natural person, being the major shareholder and legal representative of Gorun Energy.

Ms. Li is a natural person, being the spouse of Mr. Xue and one of the shareholders of Gorun Energy.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, Gorun Energy, Mr. Xue, Ms. Li, and their ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined under the Listing Rules in relation to the transactions contemplated under the Agreements exceed 5% and are below 25%, the transactions contemplated under the Agreements constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Agreements”	the Finance Lease Agreement and the Purchase Agreement
“BP”	basis point
“Board”	the board of Directors
“Company”	Huarong Investment Stock Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2277)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Finance Lease Agreement”	an agreement dated 20 July 2017 and entered into between the Lessor and the Lessee in relation to the finance leasing arrangement over the Leased Assets

“Gorun Energy”	北京國潤天能新能源科技股份有限公司 (Beijing Gorun New Technology Co., Ltd.*), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) which is/are not connected person(s) of the Company and is/are independent of the Company and its connected persons
“Leased Assets”	photovoltaic power station equipments
“Lessee”	荷澤神州節能環保服務有限公司 (Heze Shenzhou Environmental Services Co., Ltd.*), a company incorporated in the PRC with limited liability
“Lessor”	中聚(深圳)融資租賃有限公司 (Zhongju (Shenzhen) Financial Leasing Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xue”	Xue Mingming (薛明明), a PRC resident and the spouse of Ms. Li
“Ms. Li”	Li Li (李麗), a PRC resident and the spouse of Mr. Xue
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Agreement”	a purchase agreement dated 20 July 2017 and entered into between the Lessor and the Lessee for the purchase of the Leased Assets
“RMB”	Renminbi, the lawful currency of the PRC

“Security Documents”

collectively:

- 1) the security deposit agreement dated 20 July 2017 and entered into between the Lessor and Lessee in respect of a security deposit in the sum of RMB3.3 million (approximately HK\$3.73 million);
- 2) the equity pledge agreement dated 20 July 2017 and entered into between Gorun Energy as the chargor and the Lessor as the chargee pursuant to which Gorun Energy charged 100% equity interests of the Lessee in favour of the Lessor as security for, among others, all sums due and payable to the Lessor under the Finance Lease Agreements;
- 3) the electricity receivable pledge agreement dated 20 July 2017 and entered into between the Lessor and the Lessee pursuant to which the Lessee charged the right of receiving electricity fee from State Grid Shandong Electric Power Co., Heze Electric Power Co., Ltd. in favour of the Lessor as security for, among others, all sums due and payable to the Lessor under the Finance Lease Agreements;
- 4) the guarantee dated 20 July 2017 and entered into between the Lessor and Gorun Energy as the guarantor guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreements;
- 5) the guarantee dated 20 July 2017 and entered into between the Lessor and Mr. Xue as the guarantor guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreements; and
- 6) the guarantee dated 20 July 2017 and entered into between the Lessor and Ms. Li as the guarantor guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreements.

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent.

For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1 to HK\$1.13. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

By order of the Board
Huarong Investment Stock Corporation Limited
Qin Ling
Chairman

Hong Kong, 20 July 2017

As at the date of this announcement, the executive Directors are Mr. Qin Ling, Mr. Yeung Chun Wai Anthony, Mr. Xu Xiaowu, Mr. Liu Xiguang, Mr. Kwan Wai Ming and Ms. Lin Changhua; the non-executive Director is Mr. Wu Qinghua; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung.

** for identification purposes only*