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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
ANHUI CHANGFENG CABLE GROUP CO., LTD.**

On 1 August 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 copper wire processing equipment and cable production line equipment, being the Leased Assets, from the Lessee at a consideration of RMB100 million (equivalent to approximately HK\$113 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 5 years at an estimated total lease payment of approximately RMB121 million (equivalent to approximately HK\$137 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 1 August 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 copper wire processing equipment and cable production line equipment, being the Leased Assets, from the Lessee at a consideration of RMB100 million (equivalent to approximately HK\$113 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 5 years at an estimated total lease payment of approximately RMB121 million (equivalent to approximately HK\$137 million).

PRINCIPAL TERMS OF THE AGREEMENTS

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| Date | 1 August 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: 安徽長風電纜集團有限公司 (Anhui Changfeng Cable Group Co., Ltd.*), a company based in Wuhu, Anhui Province, the PRC</p> |
| Subject matter | The Lessor agreed to purchase certain copper wire processing equipment and cable production line equipment, 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 RMB100 million (equivalent to approximately HK\$113 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 effective; (ii) the Security Documents having been signed and becoming effective; and (iii) the monitory measures for the account of the Lessee maintained with the Agricultural Bank of China having completed.</p> <p>The book value of the Leased Assets as of 30 June 2017 is approximately RMB147 million (equivalent to approximately HK\$166 million). The Lessor plans to fund the purchase price of the Leased Assets through its internal resources.</p> |
| Lease period | 5 years, commencing on the date when the Lessor has made payment of the purchase price for the Leased Assets. |

Lease payment and other fees

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. The lease payment consists of:

- (a) the principal lease amount, which is RMB100 million (equivalent to approximately HK\$113 million), being the same amount as the purchase price for the Leased Assets; and
- (b) an interest, which is set at 320BP over the five year 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 RMB21 million (equivalent to approximately HK\$23.73 million).

Ownership of the Leased Assets

The legal title of the Leased Assets shall vest in the Lessor throughout the lease period.

Buyback

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.

Securities and guarantees

Obligations of the Lessee under the Finance Lease Agreement are secured and guaranteed by the Security Documents.

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 wire and cable industry, which is an important basic industry of the national economy, such as the Lessee. The Board believes, by entering into of the Agreements, the Company will be able to capture investment opportunities in the basic industry of the national economy 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 manufacture of the wires and cables, copper rods and wires and thermocouples.

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

The Security Providers

Anhui Pacific is a company incorporated in the PRC with limited liability and is principally engaged in cable research and development, production and sales. As at the date of the announcement, Anhui Pacific is the largest downstream customer of the Lessee.

Mr. Zhang is a natural person, being one of the shareholders and the legal representative of the Lessee.

Ms. Wang is a natural person, being the spouse of Mr. Zhang and one of the shareholders of the Lessee.

Mr. Huang is a natural person, being one of the shareholders and the legal representative of Anhui Pacific.

Ms. Li is a natural person, being the spouse of Mr. Huang.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Anhui Pacific, Mr. Zhang, Ms. Wang, Mr. Huang, 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:

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| “Agreements” | the Finance Lease Agreement and the Purchase Agreement |
| “Anhui Pacific” | 安徽太平洋電纜集團有限公司 (Anhui Pacific Cable Group Co., Ltd. *), a company incorporated in the PRC with limited liability |
| “Board” | the board of Directors |
| “BP” | basis point |

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| “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 1 August 2017 and entered into between the Lessor and the Lessee in relation to the finance leasing arrangement over the Leased Assets |
| “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” | copper wire processing equipment and cable production line equipment |
| “Lessee” | 安徽長風電纜集團有限公司 (Anhui Changfeng Cable Group 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. Zhang” | Zhang Ximing (張錫銘), a PRC resident and the spouse of Ms. Wang |
| “Ms. Wang” | Wang Weixia (汪維霞), a PRC resident and the spouse of Mr. Zhang |

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| “Mr. Huang” | Huang Cheng (黃誠), a PRC resident and the spouse of Ms. Li |
| “Ms. Li” | Li Hua (李華), a PRC resident and the spouse of Mr. Huang |
| “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 1 August 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: <ol style="list-style-type: none"> 1) the security deposit agreement dated 1 August 2017 and entered into between the Lessor and Lessee in respect of a security deposit in the sum of RMB7 million (approximately HK\$7.91 million); 2) the guarantee dated 1 August 2017 and entered into between the Lessor and Anhui Pacific as the guarantor guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreement; 3) the guarantee dated 1 August 2017 and entered into between the Lessor and Mr. Zhang and Ms. Wang as the guarantors guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreement; and 4) the guarantee dated 1 August 2017 and entered into between the Lessor and Mr. Huang and Ms. Li as the guarantors guaranteeing, among others, all sums due and payable to the Lessor under the Finance Lease Agreement. |

“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, 1 August 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*