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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  
ASSET MANAGEMENT AGREEMENT**

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On 8 December 2017 (after trading hours), the Subsidiary (as asset entrustor) entered into the Asset Management Agreement with China Merchants Wealth (as asset manager) and Bank of Ningbo (as asset custodian), pursuant to which the Subsidiary agreed to participate in the Asset Management Scheme and to deposit an amount up to RMB290.0 million (equivalent to approximately HK\$336.4 million) into the designated account with Bank of Ningbo.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect to the Investment are less than 25% but more than 5%, the Investment constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 8 December 2017 (after trading hours), the Subsidiary (as asset entrustor) entered into the Asset Management Agreement with China Merchants Wealth (as asset manager) and Bank of Ningbo (as asset custodian), pursuant to which the Subsidiary agreed to participate in the Asset Management Scheme and to deposit an amount up to RMB290.0 million (equivalent to approximately HK\$336.4 million) into the designated account with Bank of Ningbo.

## PRINCIPAL TERMS OF THE ASSET MANAGEMENT AGREEMENT

- Date:** 8 December 2017
- Parties:**
- (1) The Subsidiary, as the asset entrustor;
  - (2) China Merchants Wealth, as the asset manager; and
  - (3) Bank of Ningbo, as the asset custodian
- Investment amount:** Up to RMB290.0 million (equivalent to approximately HK\$336.4 million), which will be funded by internal resources of the Group
- Scheme size:** Not less than RMB30.0 million (equivalent to approximately HK\$34.8 million) and not more than RMB5.0 billion (equivalent to approximately HK\$5.8 billion)
- Investment scope:** Mainly invest in the followings:
- (i) cash management category:
    - (a) bank deposits; and
    - (b) monetary funds; and
  - (ii) others:
    - (a) trust schemes;
    - (b) fund account management plans;
    - (c) asset management plans of fund accounts;
    - (d) asset management schemes of securities dealers; and
    - (e) subordinated asset-backed securities traded on the national inter-bank bond market

The parties may agree to include other types of investment as permitted by relevant laws, regulations and regulatory authorities

<b>Investment strategy:</b>	Mainly invest in subordinated asset-backed securities traded on the national inter-bank bond market issued by China Merchants Bank Co., Ltd (招商銀行股份有限公司) with individual credit card automobile installment loans, individual credit card consumer bills installment loans or other similar types of assets as underlying assets. At the same time, may also invest in bank deposits, monetary funds and other cash instruments
<b>Term:</b>	10 years
<b>Designated account:</b>	The investment amount under the Asset Management Agreement will be deposited into a designated custodian account maintained with Bank of Ningbo for investing in the investment products in accordance with the Asset Management Agreement
<b>Governing law:</b>	PRC law
<b>Withdrawal of the investment amount:</b>	The investment amount may be withdrawn during certain period as designated by China Merchants Wealth in accordance with the Asset Management Agreement. China Merchants Wealth has the discretion to reject any withdrawal outside the designated period
<b>Transferability:</b>	The investment amount in the Asset Management Scheme is transferable in whole or in part, on the Shanghai Stock Exchange and Shenzhen Stock Exchange in accordance with relevant laws, regulations and the Asset Management Agreement

## **REASONS FOR AND BENEFITS OF THE INVESTMENT**

By entering into the Asset Management Agreement and entrusting funds in accordance therewith, the Group intends to increase the rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group. The expected annual rate of return is estimated to be from 10% to 13% per annum after deducting management fee and bank custody fee. The expected annual rate of return is the estimation of the Company based on the historical data provided by China Merchants Bank Co., Ltd and certain assumptions made by the Company, and do not reflect the actual gain by the investors, nor does it constitute a commitment to any income derived from the Asset Management Scheme. The Investment was negotiated by the parties on an arm's length basis. The Directors are of the view that the terms of the Asset Management Agreement and the Investment are on normal commercial terms, fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

## **INFORMATION OF THE PARTIES TO THE ASSET MANAGEMENT AGREEMENT**

### **The Subsidiary and the Group**

The Subsidiary is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company. The Subsidiary is principally engaged in investment management, asset management and other investment in the permitted foreign-invested industries in accordance with the PRC laws.

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

### **China Merchants Wealth**

China Merchants Wealth is a company established in the PRC with limited liability and a holder of a permit to operate securities and futures business issued by the China Securities Regulatory Commission (中國證券監督管理委員會). China Merchants Wealth is principally engaged in asset management services for specific clients, and other business permitted by China Securities Regulatory Commission.

### **Bank of Ningbo**

Bank of Ningbo is a joint stock limited company incorporated in the PRC and is a joint stock commercial bank, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 2142). Bank of Ningbo is principally engaged in, among others, corporate banking, bills business, asset custodian, personal banking, retail corporate business, financial market business, and credit card services.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, China Merchants Wealth, Bank of Ningbo and their respective ultimate beneficial owner(s) are Independent Third Parties.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the the applicable percentage ratios as defined under the Listing Rules in respect to the Investment are less than 25% but more than 5%, the Investment constitutes a discloseable transaction for the Company and is 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:

“Asset Management Agreement”	the asset management agreement dated 8 December 2017 (as supplemented by a supplemental agreement also dated 8 December 2017) entered into between the Subsidiary (as asset entrustor), China Merchants Wealth (as asset manager) and Bank of Ningbo (as asset custodian)
“Asset Management Scheme”	the asset management scheme to be established for a term of 10 years by China Merchants Wealth as asset manager pursuant to the Asset Management Agreement
“Bank of Ningbo”	Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司), as the asset custodian under the Asset Management Agreement, and is a joint stock commercial bank in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 2142)
“Board”	the board of Directors
“China Merchants Wealth”	招商財富資產管理有限公司 (China Merchants Wealth Asset Management Co., Ltd.*), as the asset manager under the Asset Management Agreement, and is a company established in the PRC with limited liability
“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
“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
“Investment”	the investment in the Asset Management Scheme in an amount of up to RMB290.0 million (equivalent to approximately HK\$336.4 million) by the Subsidiary pursuant to the Asset Management Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	華融晟遠(北京)投資有限公司 (Huarong Shengyuan (Beijing) Investment Co. Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“%”	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\$1.16. 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, 8 December 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, Dr. Niu Shaofeng and Mr. Kwan Wai Ming; the non-executive Director is Ms. Lin Xueqin; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai, Dr. Lam Lee G. and Dr. Fang Fuqian.*

\* for identification purposes only