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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 PACIFIC CABLE GROUP CO., LTD.**

On 27 December 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 cable production line equipment, being the Leased Assets, from the Lessee at a consideration of RMB110 million (equivalent to approximately HK\$127.6 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 5 years from the date of the first drawdown at an estimated total lease payment of approximately RMB133.9 million (equivalent to approximately HK\$155.3 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 27 December 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 cable production line equipment, being the Leased Assets, from the Lessee at a consideration of RMB110 million (equivalent to approximately HK\$127.6 million), and following which, the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 5 years from the date of the first drawdown at an estimated total lease payment of approximately RMB133.9 million (equivalent to approximately HK\$155.3 million).

PRINCIPAL TERMS OF THE AGREEMENTS

Date	27 December 2017 (after trading hours)
Parties	(1) the Lessor; and (2) the Lessee.
Subject matter	The Lessor agreed to purchase certain 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 RMB110 million (equivalent to approximately HK\$127.6 million).</p> <p>The purchase price shall be paid by the Lessor to the Lessee in several installments after satisfaction of certain condition precedents, including, amongst others; (i) the Security Documents having been signed and becoming effective; (ii) the Agreements having been signed and becoming effective and (iii) the Equity Pledge Agreement having been duly registered with the relevant PRC authority.</p> <p>Under the Agreements, the carrying value of the Leased Assets was estimated to be approximately RMB110 million (equivalent to approximately HK\$127.6 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 of the first drawdown.
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 installment throughout the lease period. The lease payment consists of:</p> <p>(a) the principal lease amount, which is RMB110 million (equivalent to approximately HK\$127.6 million), being the same amount as the purchase price for the Leased Assets; and</p>

(b) an interest, which is set at 325BP over the one-to-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 under the Finance Lease Agreement will be approximately RMB23.9 million (equivalent to approximately HK\$27.7 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 under the Purchase Agreement at an agreed nominal consideration of RMB100 (equivalent to approximately HK\$116), which shall be paid together with the final installment of the lease payment to the Lessor.

**Securities and
guarantees**

Obligations of the Lessee under the Agreements 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 in different industries. The Lessee engages in developing, manufacturing and selling cable products for electricity, which is an important and basic industry of the national economy with promising prospect. The Board believes, by entering into the Agreements, the Company will be able to capture investment opportunities in the basic industry of the national economy 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 established 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 and the Guarantors

The Lessee is a company established in the PRC with limited liability and is principally engaged in developing, manufacturing and selling cable products.

The Guarantors are PRC citizens.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessee and the Guarantors 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
“Board”	the board of Directors of the Company
“BP”	basis point
“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
“Equity Pledge Agreement”	the equity pledge agreement to be entered into between a shareholder of the Lessee as the chargor and the Lessor as the chargee, pursuant to which a shareholder of the Lessee would charge 30% equity interest of the Lessee in favour of the Lessor as security for, among others, all sums due and payable to the Lessor under the Agreements
“Group”	the Company and its subsidiaries
“Guarantors”	PRC citizens, who are the Independent Third Parties
“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”	cable production line equipment

“Lessee”	安徽太平洋電纜集團有限公司 (Anhui Pacific Cable Group Co., Ltd.*), a company established 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 established 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
“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”	the purchase agreement dated 27 December 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
“Finance Lease Agreement”	the finance lease agreement dated 27 December 2017 and entered into between the Lessor and the Lessee in relation to the finance leasing arrangement over the Leased Assets
“Security Documents”	collectively: <ol style="list-style-type: none"> 1) the security deposit agreement dated 27 December 2017 and entered into between the Lessor and Lessee in respect of a security deposit in the sum of RMB7.7 million (approximately HK\$8.9 million); 2) the Equity Pledge Agreement; 3) the guarantees agreement to be entered into between the Lessor and the Guarantors as the guarantors providing personal joint liability guarantee for, among others, all sums due and payable to the Lessor under the Agreements; and

“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\$1.16. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK Dollars or RMB has 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, 27 December 2017

As at the date of this announcement, the executive Directors are Mr. Qin Ling, Mr. Xu Xiaowu, Mr. Kwan Wai Ming and Mr. Liu Xiguang; the non-executive Director is Ms. Lin Xueqin; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai, Dr. Fang Fuqian and Dr. Lam Lee G.

** for identification purposes only*