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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)

**SUPPLEMENTAL ANNOUNCEMENT
AMENDMENTS TO THE TERMS AND CONDITIONS OF
THE COMPENSATION AGREEMENT**

AND

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF THE NOTE**

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE COMPENSATION AGREEMENT

Reference is made to the 2016 Announcement in relation to the acquisition of the Sale Shares. As disclosed in the 2016 Announcement, on 18 November 2016 (after trading hours), the Purchaser and the Vendor entered into the 2016 SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares at a consideration of HK\$117,000,000, the completion of which already took place. On 18 November 2016, and in connection with the acquisition of the Sale Shares, Mr. Kang entered into the Compensation Agreement with the Purchaser, details of which were also disclosed in the 2016 Announcement.

On 22 October 2019, Mr. Kang and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Deed, pursuant to which, among others, the terms and conditions of the Compensation Agreement were amended with effect on and from the date of the Supplemental Deed and Mr. Kang has procured Envision, a company wholly-owned by Mr. Kang, to create and issue the Note in the principal amount of HK\$60,278,400 to the Purchaser.

ACQUISITION OF THE NOTE

On 22 October 2019, immediately following the entering into of the Supplemental Deed, the Purchaser, Mr. Kang and Envision entered into the Deed, pursuant to which, among others, Envision has agreed to compensate the Purchaser an amount equal to HK\$60,278,400 and in support of such compensation obligation, Envision has created and issued to the Purchaser the Note in the principal amount of HK\$60,278,400 on 22 October 2019.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Note and the transactions contemplated thereunder are 5% or more but all of which are less than 25%, the acquisition of the Note by the Purchaser constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements of the Listing Rules, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the 2016 Announcement in relation to the acquisition of the Sale Shares. As disclosed in the 2016 Announcement, on 18 November 2016 (after trading hours), the Purchaser and the Vendor entered into the 2016 SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares at a consideration of HK\$117,000,000, the completion of which already took place. On 18 November 2016, and in connection with the acquisition of the Sale Shares, Mr. Kang entered into the Compensation Agreement with the Purchaser, details of which were also disclosed in the 2016 Announcement.

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE COMPENSATION AGREEMENT

The Compensation Agreement having been amended and supplemented by the Supplemental Deed (the “Amended Compensation Agreement”)

On 22 October 2019, Mr. Kang and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Deed, pursuant to which, among others, the terms and conditions of the Compensation Agreement were amended with effect on and from the date of the Supplemental Deed and Mr. Kang has procured Envision, a company wholly-owned by Mr. Kang, to create and issue the Note in the principal amount of HK\$60,278,400 to the Purchaser.

During the first half of September 2019, all the Sale Shares were disposed of by the Purchaser to an independent third party for a total consideration of HK\$13,281,840 (the “**Total Sale Price**”). Pursuant to the Amended Compensation Agreement, the compensation arrangement, details of which were disclosed in the 2016 Announcement, shall be amended to the effect that Mr. Kang shall compensate the Purchaser in cash in an amount calculated in the following manner:

(i) $\text{HK\$}12.88 \times \text{number of the Sale Shares} \times 50\%$

MINUS

(ii) the Total Sale Price

Mr. Kang shall pay and settle such cash compensation in the amount of HK\$46,996,560 on or before the Settlement Date.

Pursuant to the Amended Compensation Agreement, (i) on 22 October 2019, the Purchaser, Mr. Kang and Envision entered into the Deed and created and issued to the Purchaser the Note, details of each are disclosed in the paragraph headed “ACQUISITION OF THE NOTE” below; (ii) on 22 October 2019, Mr. Kang executed a guarantee and indemnity in favour of the Purchaser to, among others, guarantee the obligations of Envision under the Deed and the Note; and (iii) Mr. Kang shall also:

(i) procure Envision to enter into the Custodian Agreement, details of which are disclosed in the paragraph headed “The Custodian Agreement” below; and

(ii) for the purpose of guaranteeing the obligations of Envision under the Deed and the Note, procure the Guarantors to duly execute the Guarantees, details of which are disclosed in the paragraph headed “The Guarantees” below, and deliver the same to the Purchaser within five days from the date of the Deed.

ACQUISITION OF THE NOTE

The Deed

On 22 October 2019, immediately following the entering into of the Supplemental Deed, the Purchaser, Mr. Kang and Envision entered into the Deed, pursuant to which, among others, Envision has agreed to compensate the Purchaser an amount calculated in the following manner:

$$\text{HK\$}12.88 \times \text{number of the Sale Shares} \times 50\% = \text{HK\$}60,278,400$$

and in support of such compensation obligation, Envision has created and issued to the Purchaser the Note in the principal amount of HK\$60,278,400 on 22 October 2019.

The Note

On 22 October 2019, in support of its compensation obligation under the Deed as described in the section headed “The Deed” above, Envision has created and issued the Note in the principal amount of HK\$60,278,400 to the Purchaser. Such principal amount of HK\$60,278,400 represents HK\$12.88 x number of the Sale Shares x 50%. No actual consideration has been or will be paid by the Purchaser or by any member of the Group to Envision but the Purchaser is deemed to have paid HK\$60,278,400 as consideration for the acquisition of the Note.

The Note in the principal amount of HK\$60,278,400 shall be due on a date falling two years from the Issue Date (i.e. 22 October 2019) and shall be exchangeable into Target Shares held by Envision. The Note shall bear interest at the rate of (i) 5% per annum, from and including the Issue Date up to the Note First Anniversary Date; and (ii) 8% per annum, from and including the date immediately following the Note First Anniversary Date up to the Maturity Date, provided that if the Note is not fully redeemed by Envision before the Note First Anniversary Date, Envision shall pay additional interest on the outstanding principal amount of the Note on a daily basis at 3% per annum from the Issue Date up to the Note First Anniversary Date and such additional interest shall be paid on the first interest payment date immediately following the Note First Anniversary Date. Interest shall be payable every six months in arrears.

The Purchaser shall also have the right to exchange the Note (in whole or in part (in a minimum principal amount of HK\$8,000,000)) into Target Shares held by Envision, and all interest accrued but unpaid thereon, by serving prior written notice to Envision, at any time or times between the Issue Date and the Maturity Date (both days inclusive) (the “**Exchange**”).

The number of Target Shares to be transferred from Envision to the Purchaser subject to the Exchange shall be calculated in the following manner (the “**Exchanged Target Shares**”):

$$\text{Number of Exchanged Target Shares} = \frac{\begin{array}{l} \text{The principal amount of the Note subject to the Exchange} \\ + \\ \text{all interest accrued and unpaid on the principal amount} \\ \text{of the Note subject to the Exchange} \end{array}}{\text{HK\$}3.50 \text{ per Target Share (subject to} \\ \text{adjustments in accordance with the Deed)}}$$

Upon the Exchanged Target Shares having been duly transferred to the Purchaser, the principal amount of the Note and interest accrued thereon subject to the Exchange shall be considered as fully discharged.

Envision shall redeem the Note on the Maturity Date at its outstanding principal amount together with all accrued and unpaid interest. The Note at its outstanding principal amount together with all accrued and unpaid interest shall also become immediately due and repayable on and at any time after the occurrence of an event of default as described in the Deed.

The Custodian Agreement

Pursuant to the Deed, Envision shall open and maintain a custodian securities account with Huarong International as the custodian, which shall be jointly operated by the Purchaser and Envision and the Purchaser, Envision and Huarong International shall enter into the Custodian Agreement.

Envision shall deposit Target Shares into the custodian securities account and the number of Target Shares to be initially deposited into the custodian securities account (in whole or in part with an aggregate market value of not less than HK\$50,000,000) shall be calculated in the following manner:

$$\begin{array}{l} \text{Number of Target Shares} \\ \text{to be initially deposited} \end{array} = \frac{\text{principal amount of the Note of HK\$60,278,400 x 250\%}}{\text{market price of each Target Share}}$$

The number of Target Shares required to be deposited into the custodian securities account on a certain day shall be subject to adjustments by reference to the market price of each Target Share and Mr. Kang and Envision have jointly and severally undertaken to deposit additional Target Shares into the custodian securities account where necessary in accordance with the Deed.

Upon the initial Target Shares having been deposited into the custodian securities account and provided that no event of default has occurred under the Deed, the Purchaser shall cooperate with Mr. Kang and Envision to procure that the same number of Target Shares deposited in a guarantee account as described in the 2016 Announcement be released from such guarantee account.

The Guarantees

Pursuant to the Supplemental Deed, within five days from the date of thereof, the Guarantees shall be executed respectively by the Guarantors (all being companies indirectly wholly-owned by Mr. Kang) in favour of the Purchaser.

Pursuant to the Guarantees, each of the Guarantors shall guarantee the obligations of Envision under the Deed and the Note.

REASONS FOR AND BENEFITS OF THE AMENDMENTS TO THE TERMS AND CONDITIONS OF THE COMPENSATION AGREEMENT AND THE ACQUISITION OF THE NOTE

The Company is of the view that the Target Company has strong growth potential and the Note will provide the Group an opportunity to become an investor of the Target Company by exchanging the Note (in whole or in part) into the Target Shares, while enjoying a fixed interest payment of 5-8% per annum generated from the Note.

Having considered the above, the Directors are of the view that the Supplemental Deed and the Deed have been entered into and the Custodian Agreement and the Guarantees shall be entered into on normal commercial terms and the terms thereof are and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors are of the view that the terms of the Note and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Note and the transactions contemplated thereunder are 5% or more but all of which are less than 25%, the acquisition of the Note by the Purchaser constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements of the Listing Rules, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands. As at the date of this announcement, the principal business activities of the Group (including the Purchaser) are (i) direct investments; (ii) financial services and others; and (iii) the provision of foundation and substructure construction services.

The principal business activity of Envision is investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Envision, Huarong International and the Guarantors and each of their ultimate beneficial owner(s) and Mr. Kang are Independent Third Parties.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2016 Announcement”	the announcement of the Company dated 18 November 2016 in relation to, among others, the acquisition of the Sale Shares
“2016 SP Agreement”	the sale and purchase agreement dated 18 November 2016 entered into between the Purchaser and the Vendor relating to the acquisition of the Sale Shares
“Board”	the board of Directors
“Company”	Huarong Investment Stock Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2277)
“Compensation Agreement”	the compensation agreement dated 18 November 2016 entered into between Mr. Kang and the Purchaser relating to the Sale Shares, details of which are disclosed in the 2016 Announcement
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Custodian Agreement”	the custodian agreement to be entered into between the Purchaser, Envision and Huarong International
“Deed”	the deed of debt assumption and note constitution dated 22 October 2019 entered into between the Purchaser, Mr. Kang and Envision, pursuant to which, among others, Envision has agreed to compensate the Purchaser an amount equal to HK\$60,278,400 and in support of such compensation obligation, Envision has created and issued to the Purchaser the Note in the principal amount of HK\$60,278,400
“Directors”	the directors of the Company
“Envision”	Envision Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Kang

“Group”	the Company and its subsidiaries from time to time
“Guarantees”	the guarantee and indemnity to be executed by each of the Guarantors in favour of the Purchaser to, among others, guarantee the obligations of Envision under the Deed and the Note
“Guarantors”	Comtech (China) Holding Limited (a British Virgin Islands incorporated company with limited liability), 科通通信技術(深圳)有限公司(a PRC incorporated company with limited liability) and 君創物業管理(深圳)有限公司(a PRC incorporated company with limited liability)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong International”	Huarong International Securities Limited, a company incorporated in Hong Kong with limited liability
“Independent Third Party(ies)”	parties independent of the Company, its subsidiaries and their respective connected persons
“Issue Date”	the date on which the Note was created and issued by Envision to the Purchaser (i.e. 22 October 2019)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling two years from the Issue Date
“Mr. Kang”	Mr. Kang Jingwei, an individual
“Note”	an exchangeable note in the principal amount of HK\$60,278,400
“Note First Anniversary Date”	the date falling on the first anniversary of the Issue Date
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Coastal Star Investments Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

“Sale Shares”	9,360,000 ordinary shares of the Target Company, representing approximately 0.62% of all the issued shares of the Target Company as of the date of the 2016 SP Agreement
“Settlement Date”	23 October 2019
“Shareholder(s)”	holder(s) of the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed dated 22 October 2019 entered into between Mr. Kang and the Purchaser pursuant to which, among others, the terms and conditions of the Compensation Agreement have been amended and supplemented
“Target Company”	Cogobuy Group, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (Stock Code: 400)
“Target Share(s)”	the ordinary share(s) of nominal value of US\$0.0000001 each in the share capital of the Target Company
“Vendor”	Total Dynamic Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Kang
“%”	per cent

By order of the Board
Huarong Investment Stock Corporation Limited
Yu Meng
Chairman

Hong Kong, 22 October 2019

As at the date of this announcement, the executive Directors are Mr. Yu Meng and Mr. Xu Xiaowu; the non-executive Director is Ms. Zhao Yingxuan; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai and Dr. Lam Lee G.