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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 DISPOSAL OF THE SALE SHARES IN THE TARGET COMPANY

DISPOSAL OF SALE SHARES

On 24 December 2019 (after trading hours), the Subsidiary entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Subsidiary agreed to sell and the Purchaser agreed to purchase the Sale Shares at a consideration of HK\$57,633,100, which shall be settled upon Completion.

IMPLICATIONS UNDER THE LISTING RULES

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

INTRODUCTION

On 24 December 2019 (after trading hours), the Subsidiary entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Subsidiary agreed to sell and the Purchaser agreed to purchase the Sale Shares at a consideration of HK\$57,633,100, which shall be settled upon Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below.

Date: 24 December 2019 (after trading hours)

Parties: (1) the Subsidiary; and
(2) the Purchaser

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

Subject Matter of the Disposal

Pursuant to the Sale and Purchase Agreement, the Subsidiary agreed to sell, and the Purchaser agreed to purchase 10,870,000 Sale Shares, representing approximately 2.15% of the existing issued share capital of the Target Company, free from all encumbrances together with all rights attaching thereto on and after the Completion Date. Immediately before Completion, the Subsidiary is the legal and beneficial owner of the Sale Shares.

Consideration and Payment Terms

The consideration payable for the sale and purchase of the Sale Shares shall be HK\$57,633,100, which shall be settled upon Completion in two instalments in the following manner:

- (1) 30% of the consideration (in an amount equivalent to HK\$17,289,930) shall be paid by the Purchaser by way of cheque or cashier order within five (5) Business Days after payment of stamp duty in respect of the Sale Shares by both the Subsidiary and the Purchaser; and
- (2) the remaining 70% of the consideration (in an amount equivalent to HK\$40,343,170) shall be paid by the Purchaser by way of cheque or cashier order within fifteen (15) Business Days after payment of stamp duty in respect of the Sale Shares by both the Subsidiary and the Purchaser.

The consideration was determined after arm's length negotiations between the Subsidiary and the Purchaser taking into account (i) the business development opportunity and prospects of the Target Group; and (ii) the current financial status of the Target Group.

Based on the closing price per share of the Target Company traded on GEM of the Stock Exchange as at the date of this announcement, the value of the Sale Shares amount to HK\$31,523,000.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Conditions Precedent

The Completion shall be conditional upon and subject to:

- (i) the Subsidiary having delivered or procured the delivery to the Purchaser or to its order of all the following:
 - (a) the sold notes in respect of the transfer of the Sale Shares duly executed by the Subsidiary in favour of the Purchaser;
 - (b) the instrument of transfer duly executed by the Subsidiary on its part and the certificate(s) of the securities to be transferred in respect of the Sale Shares;
 - (c) such other documents as may be required and necessary to give a good and effective transfer of title to the Sale Shares to the Purchaser or such nominees and to enable the Purchaser or such nominees to become the registered and beneficial holders thereof free from all encumbrances in accordance with the Sale and Purchase Agreement; and

- (d) copies, certified as true and complete by a director of the Subsidiary, of resolutions of its board of directors and shareholders approving the Sale and Purchase Agreement and the transactions contemplated thereunder and authorising a person or persons to execute the same and all other documents relating or incidental thereto (under seal, where appropriate) for and on its behalf;
- (ii) the Purchaser having delivered to the Subsidiary of all the following:
- (a) the bought notes in respect of the Sale Shares duly executed by Purchaser and the cheque or cashier order in respect of the stamp duty payable by the Purchaser on its part in respect of the Sale Shares; and
- (b) a copy, certified true and complete by a director of the Purchaser or professional advisers, of resolutions of the board of directors of the Purchaser approving the Sale and Purchase Agreement and all transactions contemplated thereunder and authorising a person or persons to execute the same and all other documents relating or incidental thereto (under seal where appropriate) for and on its behalf.

Completion

Completion will take place on the Completion Date when all conditions precedent shall be complied with.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability. The issued shares of the Target Company is listed on the GEM of the Stock Exchange.

The principal business activities of the Target Group are (i) high-tech robotics and light machinery engineering; (ii) in-flight WLAN and WIFI engineering and services provider; and (iii) developing, distributing and marketing of personal care treatments, products and services.

Financial Information of the Target Group

The financial information of the Target Group for the two financial years ended 31 December 2017 and 2018 and six months ended 30 June 2019 is as follows:

	For the year ended 31 December		For the six months ended
	2017 approximate	2018 approximate	30 June 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	approximate
			<i>HK\$'000</i>
			(unaudited)
Revenue	78,799	63,739	35,600
Net loss before taxation and extraordinary items	(99,415)	(129,182)	(50,686)
Net loss after taxation and extraordinary items	(97,111)	(127,706)	(52,038)

	As at 31 December		As at 30 June
	2017	2018	2019
	approximate	approximate	approximate
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Total assets	383,289	258,787	264,789
Total liabilities	65,472	72,327	126,683

Upon Completion, the Subsidiary will cease to own the Sale Shares. It is estimated that the Group will record a loss of approximately HK\$10,304,400 from the Disposal as the Sale Shares were acquired by the Group at the price of HK\$6.25 per share in September 2017. The net proceeds from the Disposal of approximately HK\$57.6 million will be used for general working capital purpose of the Group.

INFORMATION ABOUT THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Subsidiary and the Group

The Subsidiary is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in (i) direct investments and (ii) financial services and other related services.

The Purchaser

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

Financial performance of the Target Group had not been meeting expectations of the Group's management. It recorded losses for the recent couple of years. The Group has decided that it will realise any resources possible to be used for general working capital purpose of the Group.

The Company therefore considers it to be commercially necessary and beneficial to enter into the Sale and Purchase Agreement.

The Directors (including the independent non-executive Directors) consider that the Disposal and the terms of the Sale and Purchase Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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

As none of the Directors has a material interest in the Disposal, no Director is required to abstain from voting on the relevant resolution of the Board approving the Disposal.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Board”	the board of Directors
“Business Day”	a day when banks in Hong Kong are open for business (excluding Saturdays)
“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)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of the Sale and Purchase Agreement or the next Business Day after the date of the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner which, to the best of the Directors’ knowledge and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Purchaser”	Ascend Trade Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 December 2019 and entered into between the Subsidiary as seller and the Purchaser as purchaser in relation to the Disposal
“Sale Shares”	10,870,000 issued shares of the Target Company of HK\$0.10 each in the capital of the Target Company, representing 2.15% of the issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Bloom Right Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Company”	SuperRobotics Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability the shares of which are listed on the GEM of the Stock Exchange (stock code: 8176)
“Target Group”	the Target Company and its subsidiaries
“%”	per cent

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

Hong Kong, 24 December 2019

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