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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  
ASSIGNMENT OF RECEIVABLES UNDER  
FINANCE LEASE AGREEMENT**

The Board announces that, on 23 April 2020 (after trading hours), Zhongju (a wholly-owned subsidiary of the Company) has entered into the Agreements with Anhui Pacific, pursuant to which Zhongju agreed to assign and Anhui Pacific agreed to acquire and be assigned, the rights, titles and benefits of the Receivables at the Consideration of RMB46 million and the respective settlement between Zhongju and Anhui Pacific.

As the applicable percentage ratios as defined under the Listing Rules in relation to the proposed Assignment contemplated under the Agreement are less than 25% but more than 5%, the proposed Assignment contemplated under the Agreement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 1 August 2017 in relation to the Finance Lease Agreement I entered into between Zhongju and Anhui Changfeng with respect to the finance leasing arrangement over certain leased assets, pursuant to which Anhui Changfeng shall pay Zhongju a lease payment in quarterly instalment consisting of the principal lease amount of RMB100 million and interests accrued thereon; and (ii) the announcement of the Company dated 27 December 2017 in relation to the Finance Lease Agreement II entered into between Zhongju and Anhui Pacific with respect to the finance leasing arrangement over certain leased assets, pursuant to which Anhui Pacific shall pay Zhongju a lease payment in quarterly instalment consisting of the principal lease amount of RMB110 million and interests accrued thereon.

**THE PROPOSED ASSIGNMENT**

The Board announces that, on 23 April 2020 (after trading hours), Zhongju (a wholly-owned subsidiary of the Company) has entered into the Agreement with Anhui Pacific, pursuant to which Zhongju agreed to assign and Anhui Pacific agreed to acquire and be assigned, the rights, titles and benefits of the Receivables at the Consideration of RMB46 million.

The key terms of the Agreement are as follows:

**Date:** 23 April 2020

**Parties:** Assignor: Zhongju, a wholly-owned subsidiary of the Company  
Assignee: Anhui Pacific

**Receivables to be assigned:** the rights, titles and benefits of the Receivables of Zhongju in the outstanding principal payment amount of RMB44 million under the Finance Lease Agreement I and the interest accrued thereon at the amount of RMB2 million and all the security interests related thereto

The book value of the Receivables to be assigned amounted to RMB46 million.

**Consideration:** RMB46 million, which shall be paid by Anhui Pacific to Zhongju in the following manner:

- (i) RMB44 million to be set off against the purchase price which shall be payable by Zhongju to Anhui Pacific under the Finance Lease Agreement II at the amount of RMB44 million; and
- (ii) RMB2 million to be paid in cash to the designated bank account of Zhongju before 31 December 2020.

The amount of the Consideration, which is equivalent to the outstanding principal of RMB44 million and the outstanding interest accrued thereon of RMB2 million, was arrived at after arm's length negotiations between Zhongju and Anhui Pacific with reference to the book value of the Receivables.

**Completion:** Completion shall take place on the Completion Date, on which full amount of the Consideration is received by Zhongju.

**Transfer notice:** Within 10 business days from the Completion Date, Zhongju shall notify Anhui Changfeng in writing by express courier.

## **THE SETTLEMENT**

Under the Finance Lease Agreement II, the purchase price payable by Zhongju to Anhui Pacific for the purchase of certain leased assets is RMB110 million (equivalent to approximately HK\$120.27 million), which shall be payable by Zhongju to Anhui Pacific in several instalments upon satisfaction of certain condition precedents set out in the Finance Lease Agreement II. As part of the payment of the Consideration, RMB44 million of the Consideration would be set off against the purchase price payable by Zhongju to Anhui Pacific, i.e. RMB44 million of the purchase price under the Finance Lease Agreement II would be regarded as fully paid by Zhongju to Anhui Pacific upon Completion.

To confirm the above settlement arrangement, the Supplemental Agreement was entered into among Zhongju, Anhui Pacific and the Guarantors, pursuant to which parties have agreed to the above settlement arrangement, rescheduled lease payment instalments and extended lease payment period to 5 December 2023. The amount of lease payment and other fees under the Finance Lease Agreement II remains unchanged. Please refer to the announcement of the Company dated 27 December 2017 in relation to the Finance Lease Agreement II for further details.

Pursuant to the Supplemental Agreement, guarantee agreements were entered into among Zhongju and the Guarantors as the guarantors respectively providing personal joint liability guarantee for, among others, all sums due and payable to Zhongju under the Finance Lease Agreement I, the Finance Lease Agreement II, the Agreement and the Supplemental Agreement.

## **FINANCIAL EFFECT OF THE PROPOSED ASSIGNMENT**

As the Consideration payable by Anhui Pacific under the Agreement will be set off against part of the purchase price payable by Zhongju to Anhui Pacific under the Finance Lease Agreement II, upon Completion, the outstanding amount under the Finance Lease Agreement I would be reduced to the principal amount of RMB34.56 million with accrued interest; and the outstanding amount under the Finance Lease Agreement II would be reduced to the principal amount of RMB86.69 million with accrued interest.

The Group will receive net proceeds of RMB2 million (equivalent to approximately HK\$2.19 million) from the proposed Assignment. The Group intends currently to use the proceeds as general working capital of the Group.

## **REASONS FOR THE PROPOSED ASSIGNMENT**

The Directors consider that the proposed Assignment will make a positive contribution to the cash flow and reduce the financial burden of the Group. The Consideration was arrived at after arm's length negotiation between Zhongju and Anhui Pacific, having considered, among other things, the market conditions. The Board is of the view that the proposed Assignment is on normal commercial terms, and is fair and reasonable and in the interests of the Shareholders as a whole.

## INFORMATION OF THE PARTIES

Zhongju is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, principally engaged in the provision of finance leasing business in the PRC.

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

Anhui Pacific 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, Anhui Pacific, the Guarantors, and their ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under the Listing Rules in relation to the proposed Assignment contemplated under the Agreement are less than 25% but more than 5%, the proposed Assignment contemplated under the Agreement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings listed out below unless the context specifies otherwise:

<b>“Agreements”</b>	collectively the Agreement and the Supplemental Agreement
<b>“Agreement”</b>	the agreement dated 23 April 2020 and entered into between Zhongju and Anhui Pacific in respect of the proposed Assignment
<b>“Assignment”</b>	the transaction contemplated under the Agreement for the proposed assignment of the Receivables
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Receivables”</b>	the rights, titles and benefits of Zhongju in the outstanding principal payment amount of RMB44 million and an interest accrued thereon at the amount of RMB2 million and any related security documents
<b>“Anhui Changfeng”</b>	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

<b>“Anhui Pacific”</b>	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
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Huarong Investment Stock Corporation Limited (華融投資股份有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2277)
<b>“Completion”</b>	completion of the proposed Assignment pursuant to the Agreement
<b>“Completion Date”</b>	date of receipt of the Consideration by Zhongju pursuant to the Agreement
<b>“Consideration”</b>	RMB46 million, being the total consideration payable by Anhui Pacific to Zhongju for the proposed Assignment
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Finance Lease Agreement I”</b>	the finance lease agreement dated 1 August 2017 and entered into between the Zhongju and Anhui Changfeng in relation to the finance leasing arrangement over the certain leased assets
<b>“Finance Lease Agreement II”</b>	the finance lease agreement dated 27 December 2017 and entered into between Zhongju and Anhui Pacific in relation to the finance leasing arrangement over certain leased assets
<b>“Guarantors”</b>	Mr. Huang Min (黃敏) and Ms. Zeng Xiangjun (曾湘珺), both are PRC residents
<b>“Group”</b>	the Company together with its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	persons(s) or company(ies) which is/are independent of any member of the Group, the Directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or its subsidiaries, and their respective associates (as defined under the Listing Rules)
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	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
“Supplemental Agreement”	the supplemental agreement dated 23 April 2020 and entered into among Zhongju, Anhui Pacific and the Guarantors to amend and supplement, among other things, Financial Lease Agreement II
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Zhongju”	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
“%”	per cent

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.0934. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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

Hong Kong, 23 April 2020

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

\* *For the purposes of identification only*