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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 AGREEMENT

Reference is made to the announcement of the Company dated 9 June 2017 in relation to the Credit Framework Agreement entered into between, among others, the Lessor and the Lessee. Pursuant to the Credit Framework Agreement, the Lessor and the Lessee entered into the Finance Leasing Agreement dated 10 December 2019, where the Lessor agreed to purchase the Leased Assets from the Lessee at a consideration of RMB50 million (equivalent to approximately HK\$55.5 million), following which the Lessor agreed to lease back such Leased Assets to the Lessee for a term of one year from the date of purchase of such Leased Assets in return for a lease payment.

On 5 August 2020 (after trading hours), the Board announces that the Lessor and the Lessee have entered in the Supplemental Agreement to the Finance Leasing Agreement, pursuant to which the parties agreed to extend the lease period of the Finance Leasing Agreement to 18 December 2021.

IMPLICATIONS UNDER THE LISTING RULES

As the term of the Finance Leasing Agreement as supplemented by the Supplemental Agreement will exceed the lease period of one year set out in the Credit Framework Agreement, such amendment effects a material change to the terms of the Finance Leasing Agreement. As such, the Directors' are of the view that it is necessary for the Company to re-comply with the applicable requirements under the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in relation to the transactions contemplated under the Finance Leasing Agreement as supplemented and amended by the Supplemental Agreement on an aggregated basis are less than 25% but more than 5%, the transactions contemplated under the Finance Leasing Agreement as supplemented and amended by the Supplemental Agreement constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE CREDIT FRAMEWORK AGREEMENT AND THE FINANCE LEASING AGREEMENT

Reference is made to the announcement of the Company dated 9 June 2017 in relation to the Credit Framework Agreement entered into between, among others, the Lessor and the Lessee, pursuant to which the Lessor agreed to purchase certain automobiles, being the Leased Assets, upon the application of the Lessee from time to time within a period of three years, up to a total consideration of not more than RMB50 million in aggregate (equivalent to approximately HK\$55.5 million) at any specific time. Upon each purchase, the Lessor has agreed to lease back such Leased Assets to the Lessee for a term of one year from the date of purchase of such Leased Assets in return for a lease payment.

On 10 December 2019, in accordance with the Credit Framework Agreement, the Lessor and the Lessee entered into the Finance Leasing Agreement pursuant to which the Lessor agreed to purchase the Leased Assets from the Lessee at a consideration of RMB50 million (equivalent to approximately HK\$55.5 million), following which the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of one year at a total lease payment of RMB55.90 million (equivalent to approximately HK\$62.05 million) at the interest rate of 6.8%.

The key terms of the Finance Leasing Agreement are as follows:

- Date:** 9 June 2017
- Parties:**
- Lessor:** 中聚(深圳)融資租賃有限公司(Zhongju (Shenzhen) Financial Leasing Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, which is licensed in provision of financial leasing business in the PRC
- Lessee:** Shenzhen Yestock Automobile Service Co., Ltd.* (深圳市贏時通汽車服務有限公司)
- Consideration:** The consideration payable by the Lessor to the Lessee for purchase of the Leased Assets is RMB50 million (equivalent to approximately HK\$55.5 million). The purchase price shall be paid by the Lessor to the Lessee in full after the satisfaction of certain condition precedents, including, amongst others, (i) the Finance Leasing Agreement having been signed and becoming unconditional; and (ii) the security payment of RMB1,000,000 having been paid by the Lessee to the Lessor; and (iii) the Lessee producing to the Lessor purchase invoices satisfactory to the Lessor showing the price of the Leased Assets to be not less than RMB100 million (equivalent to approximately HK\$111 million).
- Lease period** One year commencing on the date when the Lessor has made payment of the consideration for the Leased Assets.

Lease payment	<p>Pursuant to the Finance Leasing Agreement, during the lease period, the Lessor is entitled to receive a lease payment, to be paid in quarterly instalment throughout the lease period subject to adjustments to interest rate, principal lease amount and payment arrangement proposed by the Lessor in accordance with the Finance Leasing Agreement. The lease payment consists of:</p> <ol style="list-style-type: none"> the principal lease amount, which is RMB50 million (equivalent to approximately HK\$55.5 million), being the same amount as the consideration; and a floating interest rate, which is set at 245BP over the benchmark loan interest rate for the same period by the People's Bank of China. Based on the interest rate of the People's Bank of China on the date of execution of the Finance Leasing Agreement, the total interest to be received by the Lessor during the lease period is estimated at approximately RMB5.90 million (equivalent to approximately HK\$6.55 million), assuming the interest rate of the People's Bank of China remains unchanged during the lease period.
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 payment of other amounts due to the Lessor, the Lessee will purchase the Leased Assets at an agreed nominal consideration of RMB100 (equivalent to approximately HK\$111), which shall be paid together with the final instalment of the lease payment to the Lessor.
Securities and guarantees	Obligations under the Finance Leasing Agreement are secured and guaranteed by RMB1,000,000 paid by the Lessee.

The terms of the Finance Leasing Agreement, 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.

THE SUPPLEMENTAL AGREEMENT

On 5 August 2020 (after trading hours), the Board announces that the Lessor and the Lessee have entered in the Supplemental Agreement to the Finance Leasing Agreement, pursuant to which the parties agreed to extend the lease period of the Finance Leasing Agreement to 18 December 2021.

Other than the above mentioned amendment, all the other terms of the Finance Leasing Agreement remain unchanged and in full force and effective.

To further secure the obligations under the Finance Leasing Agreement as supplemented and amended by the Supplemental Agreement, a share charge agreement dated 5 August 2020 was entered into between Oriental Finance (HK) Limited and the Lessor in relation to charge of 20% interest in Yestock Technology held by Oriental Finance (HK) Limited to the Lessor.

REASONS AND BENEFITS FOR ENTERING INTO THE FINANCE LEASING AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Lessor, being an indirect wholly-owned subsidiary of the Company, holds a finance leasing licence in the PRC. Taking advantage of the rapid growth in the PRC's finance leasing industry, the Lessor has actively pursued investment opportunities by collaborating with leading and fast growing companies in the automobiles leasing industry, the development of which is encouraged by the PRC government, such as the Lessee. The Board believes the Group, by entering into of the Finance Leasing Agreement, will be able to capture investment opportunities in the automobiles leasing industry and potential investment returns in the transactions contemplated under the Finance Leasing Agreement and generate stable income for the Group.

Due to the outbreak of the novel Coronavirus (“**COVID-19**”) in the PRC, various contingency measures, including travel restrictions and suspension of commercial activities, have been implemented. The business environment in the PRC will remain soft in the near term until the spread of COVID-19 is effectually contained. Taken into the adverse impact of COVID-19 on the operating performance and the cash flow position of the Lessee, the Board agreed to enter into the Supplemental Agreement to extend the lease period under the Finance Leasing Agreement.

Having considered the above, the Directors are of the view that the transactions contemplated under the Finance Leasing Agreement and the Supplemental Agreement are entered into on normal commercial terms, and the terms set out in the Finance Leasing Agreement and the Supplemental Agreement 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 incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Lessor is principally engaged in the provision of financial leasing business in the PRC.

The Group is principally engaged in direct investments, financial services and others.

The Lessee

The Lessee is a company incorporated in the PRC with limited liability and is principally engaged in the leasing, selling and reselling of automobiles, and the development of hardware and software of electronic products. The Lessee is wholly owned by Yestock Automobile as at the date of this announcement.

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

LISTING RULES IMPLICATIONS

As the term of the Finance Leasing Agreement as supplemented by the Supplemental Agreement will exceed the lease period of one year set out in the Credit Framework Agreement, such amendment effects a material change to the terms of the Finance Leasing Agreement. As such, the Directors' are of the view that it is necessary for the Company to re-comply with the applicable requirements under the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in relation to the transactions contemplated under the Finance Leasing Agreement as supplemented and amended by the Supplemental Agreement on an aggregated basis are less than 25% but more than 5%, the transactions contemplated under the Finance Leasing Agreement as supplemented and amended by the Supplemental Agreement constitute discloseable transactions for the Company and are subject to the notification 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:

“Board”	the board of Directors
“BP”	basic point
“Company”	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)
“Credit Framework Agreement”	a credit framework agreement dated 9 June 2017 and entered into between the Lessor and Lessee setting out the finance leasing arrangement between the Lessor and the Lessee
“Director(s)”	the director(s) of the Company
“Finance Leasing Agreement”	the finance leasing agreement dated 10 December 2019 and entered into between the Lessor and the Lessee in relation to the finance leasing arrangement over the Leased Assets
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	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)
“Leased Assets”	certain automobiles

“Lessee”	Shenzhen Yestock Automobile Service Co., Ltd.* (深圳市贏時通汽車服務有限公司), a company incorporated in the PRC with limited liability and is principally engaged in the leasing, selling and reselling of automobiles, and the development of hardware and software of electronic products. The Lessee is wholly owned by Yestock Automobile as at the date of this announcement.
“Lessor”	Zhongju (Shenzhen) Financial Leasing Co., Ltd.* (中聚(深圳)融資租賃有限公司), a company incorporated in the PRC with limited liability and an indirect 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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 5 August 2020 between the Lessee and the Lessor to amend certain terms of the Finance Leasing Agreement
“Yestock Automobile”	Yestock Automobile Service (Shenzhen) Co., Ltd.* (贏時通汽車服務(深圳)有限公司), a company incorporated in the PRC with limited liability and is principally engaged in the leasing, selling and reselling of automobiles, which held 100% equity interest in the Lessee as at the date of this announcement
“Yestock Technology”	Yestock Technology (Shenzhen) Co., Ltd.* (贏時通科技(深圳)有限公司), is a company incorporated in the PRC with limited liability and is principally engaged in the development of hardware and software of electronic products
“%”	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\$1.11. 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, 5 August 2020

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

* For the purposes of identification only