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## **JOINT ANNOUNCEMENT**

### **(1) PROPOSED PRIVATIZATION OF HUARONG INVESTMENT STOCK CORPORATION LIMITED BY HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW**

### **(2) PROPOSED WITHDRAWAL OF LISTING OF THE SHARES OF HUARONG INVESTMENT STOCK CORPORATION LIMITED ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

### **DESPATCH OF SCHEME DOCUMENT AND CLOSURE OF REGISTER OF MEMBERS**

**Financial Adviser to HRIF**



**Independent Financial Adviser to the HRIV Independent Board Committee**



## **INTRODUCTION**

Reference is made to (i) the announcement jointly issued by Huarong International Financial Holdings Limited (“**HRIF**”) and Huarong Investment Stock Corporation Limited (“**HRIV**”) dated 6 July 2020 in relation to, among other things, the proposal for the privatization of HRIV by HRIF by way of a scheme of arrangement under section 86 of the Companies Law (2020 Revision) of the Cayman Islands, and the proposed withdrawal of listing of HRIV; (ii) the announcements jointly issued by HRIF and HRIV dated 10 August 2020 and 25 September 2020 in relation to the delay in despatch of the Scheme Document; and (iii) the scheme document dated 30 September 2020 jointly issued by HRIF and HRIV in relation to, among other things, the Proposal and the Scheme (the “**Scheme Document**”). Capitalised terms used herein shall have the same meanings as those defined in the Scheme Document unless otherwise specified.

## **DESPATCH OF THE SCHEME DOCUMENT**

The Scheme Document, together with the notices of the Court Meeting and the EGM to be held on Tuesday, 27 October 2020 and the related forms of proxy, has been despatched to the Shareholders on Wednesday, 30 September 2020.

The Scheme Document contains, among others, (1) a letter from the HRIV Board regarding the Proposal; (2) a letter from the HRIV Independent Board Committee, containing its advice to the Scheme Shareholders regarding the Proposal; (3) a letter from Somerley, the HRIV Independent Financial Adviser to the HRIV Independent Board Committee, containing its advice to the HRIV Independent Board Committee regarding the Proposal; (4) an explanatory statement regarding the Scheme; and (5) a notice of the Court Meeting and a notice of the EGM.

## **RECOMMENDATIONS OF THE HRIV INDEPENDENT BOARD COMMITTEE AND THE HRIV INDEPENDENT FINANCIAL ADVISER**

The HRIV Independent Board Committee, comprising all the independent non-executive directors of HRIV, namely Dr. Lam Lee G., Mr. Chan Kee Huen Michael and Mr. Tse Chi Wai, has been established by HRIV to advise the Disinterested Shareholders (i) as to whether the terms of the Proposal and the Scheme are fair and reasonable and (ii) as to voting.

Somerley has been appointed by HRIV (with the approval of the HRIV Independent Board Committee) pursuant to Rule 2.1 of the Takeovers Code to advise the HRIV Independent Board Committee and the Disinterested Shareholders in respect of the Proposal and the Scheme.

In the letter from Somerley set out in the Scheme Document, Somerley states that it considers the terms of the Scheme to be fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, it advises the HRIV Independent Board Committee to recommend (i) the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting and (ii) the HRIV Shareholders to vote in favour of the special resolution at the EGM to approve and implement the Proposal and the Scheme.

The HRIV Independent Board Committee, having considered the terms of the Proposal, and having taken into account the advice of Somerley, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the HRIV Independent Board Committee recommends (i) the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting and (ii) the HRIV Shareholders to vote in favour of the special resolution at the EGM to approve and implement the Proposal and the Scheme.

Shareholders are urged to read carefully the recommendations of the HRIV Independent Board Committee and the advice of the HRIV Independent Financial Adviser in relation to the Proposal and the Scheme as set out in the letters from the HRIV Independent Board Committee and from the HRIV Independent Financial Adviser as contained in the Scheme Document.

## **COURT MEETING AND THE EGM**

The Court Meeting and the EGM are scheduled to be held at 9:30 a.m. and 10:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, on Tuesday, 27 October 2020 at Level 16, Two Pacific Place, 88 Queensway, Hong Kong.

In accordance with the direction of the Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modification(s)).

The EGM will be held immediately after the conclusion or adjournment of the Court Meeting for the purpose of considering and, if thought fit, passing the special resolution to approve and give effect to (i) the allotment and issuance of one HRIV Share to HRIF (or, as HRIF may direct, a wholly owned subsidiary of HRIF); (ii) the reduction of the issued share capital of HRIV by cancelling and extinguishing the Scheme Shares; (iii) the increase of the issued share capital of HRIV immediately thereafter to the amount prior to the cancellation of the Scheme Shares by issuing to HRIF (or, as HRIF may direct, a wholly owned subsidiary of HRIF) such number of new HRIV Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme minus one; (iv) the application of the credit arising in HRIV's books of accounts as a result of the Scheme to pay up in full at par value such number of new HRIV Shares, credited as fully paid, for issuance to HRIF (or, as HRIF may direct, a wholly owned subsidiary of HRIF); and (v) the withdrawal of listing of HRIV Shares on the Stock Exchange, upon the Scheme becoming effective.

Notices of the Court Meeting and the EGM are set out in the Scheme Document.

An announcement will be made by HRIF and HRIV in relation to the results of the Court Meeting and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable.

### **CLOSURE OF REGISTER OF MEMBERS OF HRIV**

The register of members of HRIV will be closed during the period from Thursday, 22 October 2020 to Tuesday, 27 October 2020 (both days inclusive) (or such other dates as may be notified by HRIV by way of announcement(s)) for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the HRIV Shareholders to attend and vote at the EGM. Such book close period is not for determining entitlements under the Scheme. In order to qualify to attend and vote at the Court Meeting and the EGM, the relevant HRIV Shareholders should ensure that the relevant forms of transfer of their HRIV Shares accompanied by the relevant share certificates are lodged with the Hong Kong branch share registrar of HRIV, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 21 October 2020.

### **CONDITIONS TO THE PROPOSAL AND THE SCHEME**

The respective shareholders and potential investors of HRIV and HRIF should be aware that implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

When and only if the Conditions are fulfilled or waived (as applicable), HRIV shall deliver to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law a copy of the order of the Court sanctioning the Scheme, whereupon the Scheme will become effective and binding on HRIV and all the Scheme Shareholders. Assuming that the Conditions are fulfilled or validly waived (as applicable), it is expected that the Scheme will become effective on or around Monday, 9 November 2020 (Cayman Islands time). An announcement will be made in relation to the results of the Court Meeting and the EGM; and if all the resolutions are passed at those meetings, further announcements will be made in relation to (i) the results of the court hearing of the petitions to sanction the Scheme and to confirm the Capital Reduction, (ii) the Scheme Record Date, (iii) the Effective Date, and (iv) the date of withdrawal of the listing of HRIV Shares on the Stock Exchange.

## EXPECTED TIMETABLE

The expected timetable for the Scheme is as follows:

Despatch of this Scheme Document . . . . .	Wednesday, 30 September 2020
Latest time for lodging transfers of HRIV Shares in order to become entitled to vote at the Court Meeting and the EGM . . . . .	4:30 p.m. on Wednesday, 21 October 2020
Register of members of HRIV closed for determining the entitlement of relevant Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the HRIV Shareholders to attend and vote at the EGM ( <i>Note 1</i> ) . . . . .	Thursday, 22 October 2020 to Tuesday, 27 October 2020 (both dates inclusive)
Latest time for lodging the <b>pink</b> form of proxy in respect of the Court Meeting ( <i>Note 2</i> ) . . . . .	9:30 a.m. on Sunday, 25 October 2020
Latest time for lodging the <b>white</b> form of proxy in respect of the EGM ( <i>Note 2</i> ) . . . . .	10:00 a.m. on Sunday, 25 October 2020
Latest time for lodging the form of proxy in respect of the HRIF SGM ( <i>Note 3</i> ) . . . . .	11:30 a.m. on Sunday, 25 October 2020
Meeting Record Date . . . . .	Tuesday, 27 October 2020
Court Meeting ( <i>Notes 4 and 5</i> ) . . . . .	9:30 a.m. on Tuesday, 27 October 2020
EGM ( <i>Notes 4 and 5</i> ) . . . . .	10:00 a.m. on Tuesday, 27 October 2020 (or immediately after the conclusion or adjournment of the Court Meeting)
HRIF SGM ( <i>Note 3</i> ) . . . . .	11:30 a.m. on Tuesday, 27 October 2020

Announcement of the results of the Court Meeting and the EGM posted on the website of the Stock Exchange. . . . .	no later than 7:00 p.m. on Tuesday, 27 October 2020
Announcement of the results of the HRIF SGM posted on the website of the Stock Exchange . . . . .	no later than 8:30 a.m. on Wednesday, 28 October 2020
Expected last day for trading in the HRIV Shares on the Stock Exchange . . . . .	Tuesday, 3 November 2020
Court hearing of the petitions to sanction the Scheme and to confirm the Capital Reduction . . . . .	Friday, 6 November 2020 (Cayman Islands time)
Latest time for lodging transfers of HRIV Shares in order to qualify for entitlements under the Scheme . . . . .	4:30 p.m. on Friday, 6 November 2020
Register of members of HRIV closed for determining entitlements to qualify under the Scheme ( <i>Note 6</i> ) . . . . .	from Monday, 9 November 2020 onwards
Announcement of the result of the Court hearing, the expected Effective Date and the expected date of withdrawal of listing of the HRIV Shares on the Stock Exchange. . . . .	no later than 8:30 a.m. on Monday, 9 November 2020
Scheme Record Date . . . . .	Monday, 9 November 2020
Effective Date ( <i>Note 7</i> ) . . . . .	Monday, 9 November 2020 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of listing of the HRIV Shares on the Stock Exchange . . . . .	no later than 8:30 a.m. on Wednesday, 11 November 2020
Matching service to Scheme Shareholders for odd lots of HRIF Shares begins ( <i>Note 8</i> ) . . . . .	9:30 a.m. on Wednesday, 11 November 2020

Expected withdrawal of listing of the HRIV Shares  
on the Stock Exchange becomes effective (*Note 9*) . . . . . 4:00 p.m. on  
Thursday, 12 November 2020

Despatch of share certificates in respect of  
new HRIF Shares to be allotted and issued to  
the Scheme Shareholders (*Note 10*). . . . . Wednesday, 18 November 2020

First day of dealings of the new HRIF Shares issued to the  
Scheme Shareholders on the Stock Exchange . . . . . 9:00 a.m. on  
Thursday, 19 November 2020

Matching service to Scheme Shareholders  
for odd lots of HRIF Shares ends (*Note 8*). . . . . 4:30 p.m. on  
Monday, 11 January 2021

**HRIV Shareholders and HRIF Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.**

*Notes:*

1. The register of members of HRIV will be closed during such period for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the HRIV Shareholders to attend and vote at the EGM. This book close period is not for determining entitlements under the Scheme.
2. Forms of proxy should be lodged with HRIV’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not later than the respective times and dates stated above or, in the case of the **pink** form of proxy for use at the Court Meeting, they may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. Completion and return of the relevant form of proxy for the Court Meeting or the EGM will not preclude a Scheme Shareholder or a HRIV Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.
3. The HRIF SGM will be held at 11:30 a.m. at Level 16, Two Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 October 2020. Please see the notice convening the HRIF SGM published by HRIF on 25 September 2020 for details.
4. The Court Meeting and the EGM will be held at Level 16, Two Pacific Place, 88 Queensway, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting and the notice of the EGM set out in the Scheme Document for details.
5. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or post-super typhoon extreme conditions in force at or after 8:00 a.m. on 27 October 2020 and/or the Hong Kong Observatory has announced at or before 8:00 a.m. on 27 October 2020 that any of the above mentioned warnings is to be issued within the next two hours, the Court Meeting and the EGM shall automatically be postponed to the next Business Day on which no “black” rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted and no post-super typhoon extreme conditions are in force between the hours from 8:00 a.m. to 10:00 a.m. and in such case the Court Meeting and the EGM shall be

held at 9:30 a.m. and 10:00 a.m., respectively, on that Business Day at Level 16, Two Pacific Place, 88 Queensway, Hong Kong. The Court Meeting and the EGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force. Scheme Shareholders and HRIV Shareholders (as the case may be) should make their own decision as to whether to attend the Court Meeting and the EGM under bad weather conditions bearing in mind their own situation and, if they should choose to do so, they are advised to exercise care and caution.

6. The register of members of HRIV will be closed during such period for the purpose of determining which Scheme Shareholders are qualified for the entitlements under the Scheme.
7. The Scheme will become effective upon all the Conditions having been fulfilled or waived (as applicable).
8. Details of the odd lot matching service to be provided to the Scheme Shareholders are set out in the Scheme Document. Further announcement(s) setting out, among other things, the contact information of the designated broker to be appointed to provide odd lot matching service and further information of the odd lot matching service, will be made upon the appointment of the relevant designated broker.
9. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the HRIV Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on 12 November 2020.
10. Share certificates for the new HRIF Shares to be allotted and issued to the Scheme Shareholders under the Scheme will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of HRIV as at the Scheme Record Date as soon as possible and in any event within seven (7) business days (as defined in the Takeovers Code) after the Effective Date. None of HRIF, HRIV, Huatai Financial, Somerley, HRIV's branch share registrar in Hong Kong and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

*All references to times and dates are references to Hong Kong times and dates, except as otherwise specified.*

## **CLOSURE OF REGISTER OF MEMBERS OF HRIF**

References are also made to (i) the circular of HRIF dated 25 September 2020 in relation to the Proposal and the Scheme and (ii) the notice of the HRIF SGM dated 25 September 2020.

The HRIF SGM will be held at 11:30 a.m. at Level 16, Two Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 October 2020. For determining the entitlement to attend and vote at the HRIF SGM, the register of members of HRIF will be closed from 22 October 2020 to 27 October 2020 (both days inclusive), during which period no transfer of shares of HRIF will be effected. In order to be eligible to attend and vote at the HRIF SGM, all transfers of shares of HRIF, accompanied by the relevant share certificate(s), must be lodged with HRIF's Hong Kong branch share registrar, Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 21 October 2020.



**WARNING: The respective shareholders and potential investors of HRIV and HRIF should exercise caution when dealing in the HRIV Shares, the HRIF Shares and any options or other rights in respect of them. The implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.**

By order of the board of directors of  
**Huarong International Financial  
Holdings Limited**  
**Yang Rungui**  
*Chairman*

By order of the board of directors of  
**Huarong Investment Stock  
Corporation Limited**  
**Yang Rungui**  
*Chairman*

Hong Kong, 30 September 2020

*As at the date of this joint announcement, the board of directors of HRIV comprises Mr. Yang Rungui, Mr. Xu Xiaowu and Mr. Chen Qinghua as executive directors, Ms. Wang Qi as non-executive director, and Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai and Dr. Lam Lee G. as independent non-executive directors.*

*The directors of HRIV jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the HRIF Group and the HRIF Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of HRIF) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the board of directors of HRIF comprises Mr. Yang Rungui and Mr. Wang Junlai as executive directors, Ms. Wang Qi as non-executive Director, and Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei as independent non-executive directors.*

*The directors of HRIF jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the HRIV Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of HRIV) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*