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JOINT ANNOUNCEMENT

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

- (1) EFFECTIVE DATE OF THE SCHEME;**
- (2) WITHDRAWAL OF LISTING OF
HUARONG INVESTMENT STOCK CORPORATION LIMITED;**
- (3) DESPATCH OF NEW HRIF SHARE CERTIFICATES;**
- AND**
- (4) COMMENCEMENT OF ODD LOT MATCHING SERVICE**

Financial Adviser to HRIF



**Independent Financial Adviser to
the independent board committee and the
independent shareholders of HRIF**

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



INTRODUCTION

References are 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, and the proposed withdrawal of listing of HRIV; (ii) the circular dated 25 September 2020 issued by HRIF in relation to, among other things, the Proposal and the Scheme; (iii) the composite scheme document (the “**Scheme Document**”) dated 30 September 2020 jointly issued by HRIF and HRIV in relation to, among other things, the Proposal and the Scheme; (iv) the announcement dated 27 October 2020 jointly issued by HRIF and HRIV in relation to, among other things, the results of the Court Meeting, the EGM and the HRIF SGM (the “**Poll Results Announcement**”); and (v) the announcement dated 9 November 2020 jointly issued by HRIF and HRIV in relation to, among other things, the sanction of the Scheme by the Court (the “**Court Sanction Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings ascribed to them in the Scheme Document.

EFFECTIVE DATE OF THE SCHEME

As set out in the Court Sanction Announcement, the Scheme was sanctioned without modification by the Court at the petition hearing on Friday, 6 November 2020 (Cayman Islands time). The reduction of the share capital of HRIV by cancellation and extinguishment of the Scheme Shares (the “**Capital Reduction**”) was also confirmed by the Court on the same day at the same hearing.

An official copy of the order of the Court sanctioning the Scheme and confirming the Capital Reduction was delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law on Tuesday, 10 November 2020 (Cayman Islands time).

Accordingly, all of the Conditions of the Scheme as set out in the section headed “3. Conditions of the Proposal and the Scheme” in the explanatory statement forming part of the Scheme Document were fulfilled and the Scheme became effective on 10 November 2020 (Cayman Islands time) (the “**Effective Date**”).

WITHDRAWAL OF THE LISTING OF THE HRIV SHARES

The withdrawal of the listing of the HRIV Shares on the Stock Exchange will become effective from 4:00 p.m. on Thursday, 12 November 2020.

DESPATCH OF NEW HRIF SHARE CERTIFICATES

A total of 5,121,120,000 new HRIF Shares were allotted and issued by HRIF pursuant to the Scheme on 11 November 2020. The share certificates for the new HRIF Shares are expected to be despatched to the Scheme Shareholders on or before Wednesday, 18 November 2020.

In respect of the new HRIF Shares which the Scheme Shareholders are entitled to receive as consideration for cancellation of their Scheme Shares under the Scheme, each Scheme Shareholder will be sent (a) one share certificate representing HRIF Shares that are a whole multiple of a board lot of 1,000 HRIF Shares and (b) (if applicable) one share certificate for the remaining HRIF Shares which represent less than a whole multiple of 1,000 HRIF Shares (i.e. an odd lot of HRIF Shares), except for HKSCC Nominees Limited which may request for share certificates to be issued in such denominations as it may specify.

In the absence of any specific instructions to the contrary received in writing by the Hong Kong branch share registrar of HRIV before the Effective Date, the share certificates for the new HRIF Shares will be sent to the Scheme Shareholders whose names appear on the register of members of HRIV as at the Scheme Record Date, being 9 November 2020, at their respective registered addresses, and such share certificates will be sent by ordinary post in postage pre-paid envelopes. All such share certificates will be sent at the risk of the person(s) entitled thereto and none of HRIF, HRIV, their respective advisers and share registrars, and any of their respective directors, employees, officers, agents or associates or any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

COMMENCEMENT OF ODD LOT MATCHING SERVICE

As stated in the Poll Results Announcement, in order to assist Scheme Shareholders to sell their odd lots of the HRIF Shares received under the Scheme if they so wish, Venus Sky Investment Limited (the “**Odd Lot Trader**”) has been appointed as the designated broker to provide, on a best efforts basis, a service to match the sale and purchase of odd lots of the HRIF Shares (the “**Matching Service**”) during the period from Wednesday, 11 November 2020 to Monday, 11 January 2021, both days inclusive. Any Scheme Shareholder wishing to make use of the Matching Service may contact Mr. Ng Siu Lun Samson at Room 1213, 12/F, Cosco Tower, 183 Queen’s Road Central, Hong Kong (telephone: (852) 2270 6000 and facsimile: (852) 2270 6099) during normal business hours (i.e. between 9:00 a.m. and 6:00 p.m.) of such period.

Scheme Shareholders should note that the successful matching of odd lots of the HRIF Shares is not guaranteed. Scheme Shareholders are advised to consult their own professional advisers if they are in doubt about the arrangements relating to the Matching Service.

EFFECT ON SHAREHOLDING STRUCTURE OF HRIF

The table below sets out the changes to the shareholding structure of HRIF (i) immediately prior to the Scheme becoming effective and (ii) as at the date of this joint announcement:

HRIF Shareholders	Immediately prior to the Scheme becoming effective		As at the date of this joint announcement (Note 5)	
	Number of HRIF Shares	Approximate %	Number of HRIF Shares	Approximate %
Substantial shareholders				
China Huarong Asset Management Co., Ltd. (“ China Huarong ”) and its controlled corporations (Notes 1 and 3)	1,830,117,664	51.00	4,441,556,104	51.00
Mr. Jia Tianjiang (“ Mr. Jia ”) and his controlled corporations (Notes 2 and 3)	775,220,529	21.60	1,771,738,029	20.34
Sub-total of substantial shareholders	2,605,338,193	72.60	6,213,294,133	71.34
Public shareholders (Note 4)	983,127,818	27.40	2,496,291,878	28.66
Total number of HRIF Shares	3,588,466,011	100.00	8,709,586,011	100.00

Notes:

- 1,830,117,664 HRIF Shares are beneficially owned by Camellia Pacific Investment Holding Limited (“**Camellia**”) which is wholly owned by China Huarong International Holdings Limited (“**CHIH**”). CHIH is owned as to 84.84% by China Huarong, 1.80% by Huarong Zhiyuan Investment & Management Co., Ltd (“**Huarong Zhiyuan**”) and 13.36% by Huarong Shiye Investment Management Company Limited (“**Huarong Shiye**”). Each of Huarong Zhiyuan and Huarong Shiye is wholly owned by China Huarong.
- China Tian Yuan Finance Group (Holdings) Limited (“**Tian Yuan Group**”) is deemed or taken to be interested in (i) 129,000,000 HRIF Shares held by Hero Link Enterprises Limited (“**Hero Link**”) which is held as to 82% by China Tian Yuan International Finance Limited (“**Tian Yuan Int’l**”); and (ii) 646,220,529 HRIF Shares held by Tian Yuan Int’l. Tian Yuan Int’l is a wholly owned subsidiary of Tian Yuan Group which, in turn is wholly owned by Mr. Jia.
- 129,000,000 HRIF Shares held by Hero Link and 646,220,529 HRIF Shares held by Tian Yuan Int’l are pledged to Shinning Rhythm Limited (“**Shinning Rhythm**”) respectively. Shinning Rhythm is wholly owned by China Huarong Overseas Investment Holdings Co., Limited which is in turn wholly owned by Huarong Huaqiao Asset Management Co., Ltd. (“**Huarong Huaqiao**”). Huarong Huaqiao is owned as to 91% by Huarong Zhiyuan, which is a wholly owned subsidiary of China Huarong.
- The new HRIF Shares issued to Power Tiger Investments Limited (“**Power Tiger**”) (see Note 5 below) will be considered as held in public hands pursuant to Rule 8.24 of the Listing Rules.

5. A total of 5,121,120,000 HRIF Shares were allotted and issued by HRIF to the Scheme Shareholders pursuant to the Scheme, including as to (i) 2,611,438,440 HRIF Shares to Right Select International Limited, (ii) 996,517,500 HRIF Shares to China Tian Yuan Asset Management Limited, (iii) 237,359,400 HRIF Shares to Power Tiger, and (iv) in aggregate 1,275,804,660 HRIF Shares to the Disinterested Shareholders.
6. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

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, 11 November 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.