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華融國際金融控股有限公司

HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

DISCLOSEABLE TRANSACTION IN RELATION TO EXERCISE OF PUT OPTION

This announcement is made pursuant to Rule 14.75(2) of the Listing Rules.

Reference is made to the announcement of HRIV dated 9 November 2017 in relation to, among other things, the Put Option Deed.

On 20 November 2021, the Investor, an indirect wholly-owned subsidiary of the Company, has exercised the Put Option, by delivering an Option Notice to Retech Investment, to request Retech Investment to purchase, all of the Option CDIs held by the Investor at the Exit Price of A\$20,178,580.78 (equivalent to approximately HK\$117,035,768.55) which is determined on the basis that Completion will take place on the date falling 3 business days after the receipt by Retech Investment of the Option Notice.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

This announcement is made pursuant to Rule 14.75(2) of the Listing Rules.

Reference is made to the announcement of HRIV dated 9 November 2017 in relation to, among other things, the Put Option Deed (the “**Announcement**”).

As disclosed in the Announcement, the Investor entered into, among other agreements:

- (1) the SP Agreement with Miao Shi Investment Group Co., Ltd. in relation to the Acquisition, pursuant to which the Investor acquired 12,700,700 Issuer CDIs;
- (2) the CDI Subscription Agreement with the Issuer in relation to the CDI Subscription, pursuant to which the Investor subscribed for 15,000,000 new Issuer CDIs; and
- (3) the Put Option Deed with Retech Investment, pursuant to which Retech Investment granted a Put Option to the Investor. Upon an exercise of the Put Option, Retech Investment would be required to purchase all (but not part only) of the Option CDIs (comprising 27,700,700 Issuer CDIs).

Further, as disclosed in the Announcement, the Guarantor executed the Guarantee in favour of the Investor to guarantee, among other things, the obligations of Retech Investment under the Put Option Deed.

Pursuant to the terms of the Put Option Deed, among other things:

- (1) the Put Option may be exercised once by the Investor on the fourth anniversary day of the Put Option Effective Date (being the date of completion of the Acquisition and the CDI Subscription); and
- (2) the exercise of the Put Option by the Investor (in relation to the Option CDIs allotted and issued under the CDI Subscription) is subject to the obtaining of the shareholders' approval of the Issuer under the ASX Listing Rules.

Completion of the Acquisition and CDI Subscription took place on 20 November 2017; and the shareholders' approval of the Issuer was obtained on 26 June 2018.

The Investor is an indirect wholly-owned subsidiary of HRIV. The Group privatized HRIV in November 2020, and HRIV is currently a direct wholly-owned subsidiary of the Company.

EXERCISE OF PUT OPTION

On 20 November 2021, the Investor, an indirect wholly-owned subsidiary of the Company, has exercised the Put Option, by delivering an Option Notice to Retech Investment, to request Retech Investment to purchase, all of the Option CDIs held by the Investor at the Exit Price of A\$20,178,580.78 (equivalent to approximately HK\$117,035,768.55) which is determined on the basis that Completion will take place on the date falling 3 business days after the receipt by Retech Investment of the Option Notice. Pursuant to the Option Notice, the Investor requested Retech Investment to purchase all of the 27,700,700 Option CDIs, representing approximately 11.89% of the Issuer CDIs as at the date of this announcement.

Consideration

Pursuant to the Put Option Deed, the purchase price of each Option CDI is an amount in A\$ which, having taken into account any cash distribution received by the Investor under the Option CDIs, would yield an internal rate of return (as defined in the Put Option Deed) of 12% per annum on the price paid by the Investor for each Option CDI calculated from the Put Option Effective Date up to and including the Completion Date.

Under the Put Option Deed, no premium is payable for the acceptance of the Put Option by the Investor.

Based on the above, the Exit Price payable by Retech Investment would be in the total amount of A\$20,178,580.78 (equivalent to approximately HK\$117,035,768.55) which is determined on the basis that Completion will take place on the date falling 3 business days after the receipt by Retech Investment of the Option Notice. The Exit Price will be satisfied by Retech Investment by cash payment to the Investor at the Completion.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal including the Exit Price are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

Completion

According to the Put Option Deed, the Completion shall take place on the Completion Date. If, at the Completion, Retech Investment is in breach of its completion obligations under the Put Option Deed, the Investor shall be entitled to defer the Completion to a date not more than 30 days after such date.

THE GUARANTEE

As disclosed in the Announcement, the obligations of Retech Investment under the Put Option Deed are guaranteed under the Guarantee executed by the Guarantor in favour of the Investor.

INFORMATION OF THE INVESTOR AND THE GROUP

The Investor 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 principal activity of the Company is investment holding. The Group is principally engaged in the brokerage and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, direct investments, investment holding, provision of advising on corporate finance services and provision of management and consultancy services.

INFORMATION OF THE ISSUER, RETECH INVESTMENT AND THE GUARANTOR

The Issuer is a company incorporated in Hong Kong with limited liability, and the Issuer CDIs are currently listed on the ASX. The Issuer Group's operations are based in the PRC, Hong Kong and Australia. The principal activities of the Issuer Group include the provision of e-learning solutions and related services, education management system solutions and related services, online and offline language training and sales of digital media products.

Set out below is the consolidated financial information of the Issuer Group for each of the two years ended 31 December 2020 as shown in the annual report of the Issuer for the year ended 31 December 2020:

	For the year ended 31 December 2019 (audited) (RMB)	For the year ended 31 December 2020 (audited) (RMB)
Net Profit before taxation	66,053,231 (equivalent to approximately HK\$79,263,877)	51,491,222 (equivalent to approximately HK\$61,789,466)
Net Profit after taxation	50,972,417 (equivalent to approximately HK\$61,166,900)	39,978,708 (equivalent to approximately HK\$47,974,450)
	As at 31 December 2019 (audited) (RMB)	As at 31 December 2020 (audited) (RMB)
Net assets	279,939,178 (equivalent to approximately HK\$335,927,014)	322,761,881 (equivalent to approximately HK\$387,314,257)

Based on the half year report for the six months ended 30 June 2021, the unaudited consolidated total asset value and net asset value of the Issuer as at 30 June 2021 were approximately RMB577.7 million (equivalent to approximately HK\$693.2 million) and RMB329.3 million (equivalent to approximately HK\$395.2 million) respectively.

Retech Investment is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding. As at the date of this announcement, Retech Investment is the holder of approximately 33.78% of the Issuer CDIs in issue.

The Guarantor is the co-chairman of the Issuer; and sole director, and a shareholder, of Retech Investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Issuer, Retech Investment and their respective ultimate beneficial owner(s), is an Independent Third Party.

FINANCIAL EFFECT OF EXERCISE OF THE PUT OPTION

Upon the Completion, the Company and the Investor will cease to have any interest in the Issuer CDIs. Assuming that Retech Investment or the Guarantor fulfils the obligations under the Disposal in full and pay the Exit Price for the Option CDIs, it is expected that the Group will record a loss on the Disposal in the amount of A\$1,730,627.61 (equivalent to approximately HK\$10,037,640.11), which is calculated based on the Exit Price after deducting the fair value of the Put Option (as valued by an independent valuer) and the Option CDIs as at 30 September 2021. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to review and final audit by the auditors of the Company.

INTENDED APPLICATION OF THE SALE PROCEEDS

The sale proceeds to be received by the Company under the Disposal will be applied by the Company as general working capital of the Group.

REASONS FOR AND BENEFITS OF EXERCISE OF THE PUT OPTION

The Directors consider that it is presently a good opportunity to exit from and realise the investment in the Issuer taking into account the performance of the Issuer in terms of its trading price and trading volume, the time elapsed since the Put Option Effective Date, and the amount of investment return. The realisation of investment also allows the Company to reallocate its resources in other potential investment opportunities.

The Exit Price per Option CDI (approximately A\$0.728) at which the Investor will be selling the Option CDIs to Retech Investment is 157.86% higher than the average closing price of each Issuer CDI for 20 consecutive trading days immediately preceding the date of this announcement which is approximately A\$0.283. Despite the fact that the exercise of the Put Option would result in an estimated loss to the Investor, the exercise will generate a lump sum cash for the Company and that the Put Option will no longer be of any economical value to the Company after it automatically expires on 20 November 2021.

The Directors are of the view that the transactions contemplated under the exercise of the Put Option is fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the 12,700,700 Issuer CDIs agreed to be purchased by the Investor and agreed to be sold by Miao Shi Investment Group Co., Ltd. pursuant to the SP Agreement
“Announcement”	the announcement of HRIV dated 9 November 2017 in relation to, among other things, the Put Option Deed
“ASX”	ASX Limited or the securities exchange operated by it (as the case requires)
“ASX Listing Rules”	the official listing rules of the ASX
“A\$”	Australian dollar(s), the lawful currency of Australia
“Board”	the board of Directors
“Company”	Huarong International Financial Holdings Limited (華融國際金融控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 993)
“CDI Subscription”	the subscription of the total of 15,000,000 new Issuer CDIs pursuant to the CDI Subscription Agreement
“CDI Subscription Agreement”	the subscription agreement dated 9 November 2017 entered into between the Issuer and the Investor in relation to the CDI Subscription

“Completion”	completion of the Disposal following an exercise of the Put Option in accordance with the terms and conditions of the Put Option Deed
“Completion Date”	the date of Completion, being the date falling 3 business days after the receipt by Retech Investment of the Option Notice or such other time as the parties may agree in writing
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Option CDIs by the Investor to Retech Investment upon the exercise of the Put Option
“Exit Price”	the aggregate amount of the purchase price of the Option CDIs payable by Retech Investment pursuant to the Put Option Deed
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee dated 9 November 2017 executed by the Guarantor in favour of the Investor
“Guarantor”	Mr. Ai Shungang (艾順剛), who is the co-chairman of the Issuer; and sole director, and a shareholder, of Retech Investment
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HRIV”	Huarong Investment Stock Corporation Limited (華融投資股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which were listed on the Main Board of the Stock Exchange (previous stock code: 2277), which was privatized by the Company in November 2020
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected persons
“Investor”	City Savvy Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“Issuer”	Retech Technology Co., Limited, a company incorporated in Hong Kong with limited liability, the Issuer CDIs of which are currently listed on the ASX
“Issuer CDI(s)”	the CHESS Depository Interest(s) issued by the Issuer and each representing the beneficial ownership of one ordinary share of the Issuer
“Issuer Group”	the Issuer and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option CDIs”	Issuer CDIs held by the Investor resulting from the Acquisition and the CDI Subscription
“Option Notice”	the written notice dated 20 November 2021 and served by the Investor to Rechtech Investment to request Rechtech Investment to purchase all of the Option CDIs held by the Investor at the Exit Price
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Put Option”	the put option granted by Retech Investment to the Investor under the Put Option Deed
“Put Option Deed”	the put option deed dated 9 November 2017 entered into between Retech Investment and the Investor in relation to the Put Option
“Put Option Effective Date”	date of completion of the Acquisition and the CDI Subscription, i.e. 20 November 2017
“Retech Investment”	Retech Investment Group Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“SP Agreement”	the sale and purchase agreement dated 9 November 2017 entered into between the Investor and Miao Shi Investment Group Co., Ltd. in relation to the Acquisition

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

In this announcement, amounts quoted in A\$ have been converted into HK\$ at a rate of A\$1.00 to HK\$5.80 and amounts quoted in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$1.20. Such exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

By order of the Board
Huarong International Financial Holdings Limited
Xu Xiaowu
Chairman

Hong Kong, 20 November 2021

As at the date of this announcement, the Board comprises Mr. Xu Xiaowu and Mr. Wang Junlai as executive Directors, Ms. Wang Qi as non-executive Director, and Mr. Hung Ka Hai Clement, Mr. Ma Lishan, Mr. Guan Huanfei and Dr. Lam Lee G. as independent non-executive Directors.