

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INSIDE INFORMATION
UPDATE ON PROPOSED DISPOSALS OF ASSETS
BY WAY OF PUBLIC LISTING-FOR-SALES**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO.

Reference is made to the announcement of the Company dated 12 October 2022 in relation to the proposed disposal of certain non-performing assets by way of listing-for-sales through the GDFAE. The disposal assets consist of the Offshore Disposal Assets and the Onshore Disposal Assets that are of debt, equity, and other economic interests in nature.

The Board would like to announce that each of the Company and its indirect wholly-owned subsidiary, Zhongju Shenzhen, as the assignors, has published announcements on the website of GDFAE on 18 November 2022 to commence the official process for the Proposed Offshore Disposal and the Proposed Onshore Disposal, respectively. Completion of the Proposed Offshore Disposal and the Proposed Onshore Disposal are not inter-conditional with each other.

The Company is a PRC state-owned listed financial asset management company. In accordance with the requirements under the applicable PRC laws and regulations in relation to the disposal of state-owned assets, the transfer of the Offshore Disposal Assets and the Onshore Disposal Assets by each of the Company and Zhongju (Shenzhen), respectively, constitutes a disposal of state-owned assets, and shall be publicly conducted at the GDFAE. In accordance with the rules of the GDFAE, upon confirmation of the identity of the final assignees under the Proposed Offshore Disposal and the Proposed Onshore Disposal, each of the Company and Zhongju (Shenzhen) shall enter into definitive agreements for the transfer of the Offshore Disposal Assets and the Onshore Disposal Assets with the relevant final assignees, respectively.

PROPOSED OFFSHORE DISPOSAL AND PROPOSED ONSHORE DISPOSAL BY WAY OF PUBLIC LISTING-FOR-SALES

The public listing-for-sales procedure for the Proposed Offshore Disposal and the Proposed Onshore Disposal

Each of the Company and Zhongju (Shenzhen) has commenced the procedure of public listing-for-sales in respect of the Proposed Offshore Disposal and the Proposed Onshore Disposal, respectively, in accordance with the provisions of applicable PRC laws and relevant regulations and rules of the GDFAE. The listing period will commence from 18 November 2022 and end on 30 November 2022. The relevant final assignee shall be the bidder who submitted the highest bidding price for the consideration of the Offshore Disposal Assets or the Onshore Disposal Assets (as the case may be) as determined through the relevant price-bidding procedure of the GDFAE in accordance with the requirements as set out for the public listing-for-sales.

Following completion of the price-bidding procedure (if any), the GDFAE will notify the Company and Zhongju (Shenzhen) of the identity of the relevant final assignees. Each of the Company and Zhongju (Shenzhen) shall enter into definitive agreements for the transfer of the Offshore Disposal Assets and the Onshore Disposal Assets, respectively, with the relevant final assignees in respect of the Proposed Offshore Disposal and the Proposed Onshore Disposal following the confirmation of the identity of the final assignees.

As at the date of this announcement, the identity of the final assignees and the principal terms of the agreements for the transfer of the Offshore Disposal Assets and the Onshore Disposal Assets (including, but not limited to, the final amount of consideration, payment arrangements and timeframe for delivery and transfer) have yet to be confirmed. As at the date of this announcement, each of the Company and Zhongju (Shenzhen) has not entered into any definitive agreement with any other parties in respect of the Proposed Offshore Disposal and the Proposed Onshore Disposal.

The Offshore Disposal Assets and the Onshore Disposal Assets

The Offshore Disposal Assets proposed for the transfer by the Company (as the assignor) under the Proposed Offshore Disposal include:

1. Creditor's Rights owed by the relevant Offshore Debtors

The primary creditor's rights owed by the relevant Offshore Debtors amounted to a total of approximately RMB2,483,343,800 (approximately HK\$2,903,850,300) as at 30 June 2022, comprising principal amount of approximately RMB2,053,148,700 (approximately HK\$2,400,809,900) and interest amount of approximately RMB430,195,100 (approximately HK\$503,040,400), together with certain rights to guarantees, securities

and pledges relating to such primary creditor's rights (including, but not limited to, the share pledges in respect of (a) 2,977,166,100 shares in Imperial Pacific International Holdings Limited (stock code: 1076.HK), (b) 136,466,000 Shares in the Company, (c) 209,774 shares in Huscoke Holdings Limited (stock code: 704.HK), (d) 500,875,000 shares in China U-Ton Future Space Industrial Group Holdings Ltd. (stock code: 6168.HK), (e) 136,278,227 shares in Carnival Group International Holdings Limited (stock code: 996.HK), (f) 656,000 shares in Great Wall Pan Asia Holdings Limited (stock code: 583.HK) and (g) 510,800 shares in Enterprise Development Holdings Limited (stock code: 1808.HK) as well as the mortgages over (i) six land use rights with an aggregate area of approximately 170,000 sq.m. in Saipan and (ii) four properties located in Beijing).

2. *Economic Interests in the outstanding Debts owed by the relevant Offshore Debtors*

The economic interests in the outstanding debts owed by the relevant Offshore Debtors amounted to a total of approximately RMB803,083,600 (approximately HK\$939,070,400) as at 30 June 2022, comprising principal amount of approximately RMB700,929,700 (approximately HK\$819,618,700) and interest amount of approximately RMB102,153,900 (approximately HK\$119,451,700), which are secured by certain rights to guarantees, securities and pledges (including, but not limited to, (i) the share pledges in respect of (a) 101,000 shares in CA Cultural Technology Group Limited (stock code: 1566.HK), (b) 192,300 shares in Enterprise Development Holdings Limited, (stock code: 1808.HK), (c) 337,462,320 shares in China Greenfresh Group Co., Ltd., (d) 162,246,880 shares in Hosa International Limited and (e) 2,301,000,000 shares in Rentian Technology Holdings Limited as well as the share pledge in respect of 60% equity interest in Fujian Minhui Packaging Co., Ltd. (福建閩輝包裝有限公司)).

3. *Equity Interest in Wise United Holdings Limited*

The entire equity interest in Wise United Holdings Limited, being the holder of US\$15,000,000 convertible bonds at 8% coupon rate issued by Carnival Group International Holdings Limited (stock code: 996.HK), together with certain rights to guarantees, securities and pledges relating to such convertible bonds (including, but not limited to, the share pledge in respect of 100% issued share capital in Easy Linkage Development Limited, 99.01% issued share capital in Sino Ever Investment Limited, 100% issued share capital in Cheertex Investment Limited and 100% issued share capital in Ever Lead Holdings Limited).

4. *Equity Interest in Beyond Steady Limited*

The entire issued share capital of Beyond Steady Limited, being (i) the holder of 37,014,000 shares in China Shuifa Singyes Energy Holdings Limited (stock code: 750.HK) and the put option right in relation to the aforesaid shares in China Shuifa Singyes Energy Holdings Limited and (ii) the holder of 235,055,000 shares in Sunshine 100 China Holdings Ltd (stock code: 2608.HK) and the put option right in relation to the aforesaid shares in Sunshine 100 China Holdings Ltd, together with certain rights to guarantees, securities and pledges relating to such put option rights (including, but not limited to, the share pledge in respect of 1,066,619,774 shares in Sunshine 100 China Holdings Ltd, the share equity pledge in respect of 100% equity interest in Chengdu Xinchengyuan Real Estate Development Co., Ltd.* (成都鑫盛源房地產開發有限公司) as well as the mortgage over the land use right of the industrial land of Chengdu high-tech zone with an aggregate area of approximately 10,516.02 sq.m. in Chengdu, the PRC).

Onshore Disposal Assets for Proposed Onshore Disposal

The Onshore Disposal Assets proposed for transfer by Zhongju (Shenzhen) (as the assignor) under the Proposed Onshore Disposal include:

1. *Creditor's Rights owed by the relevant Onshore Debtors*

The primary creditor's rights owed by the relevant Onshore Debtors amounted to a total of approximately RMB425,076,900 (approximately HK\$497,055,508) as at 30 June 2022, comprising principal amount of approximately RMB329,375,300 (approximately HK\$385,148,680) and interest amount of approximately RMB95,701,600 (approximately HK\$111,906,827), together with certain rights to guarantees, securities and pledges relating to such primary creditor's rights (including, but not limited to, the legal charge over (a) two A300-600ER aircrafts and (b) certain production equipment for wires and cables).

2. *Limited Partnership Interest in Shenzhen China Merchants Huarong Financial Investment Consulting (Limited Partnership)*

The limited partnership interest with capital contribution of approximately RMB80,000,000 in Shenzhen China Merchants Huarong Financial Investment Consulting (Limited Partnership)* (深圳中商華融投資諮詢 (有限合夥)), being the holder of an indirect 47.35% equity interest in Henan Yinge Industry Investment Co., Ltd.* (河南銀鴿實業投資股份有限公司) as at 30 June 2022 and the put option right in relation to the aforesaid limited partnership interest in China Merchants Huarong Financial Investment Consulting (Limited Partnership), together with certain rights to guarantees, securities and pledges relating to such put option right (including, but not limited to, the pledge executed by the relevant parties in respect of the limited partnership interest in China Merchants Huarong Financial Investment Consulting (Limited Partnership) with capital contribution of approximately RMB250,000,000).

The final consideration for the Proposed Offshore Disposal and the Proposed Onshore Disposal will depend on the highest bidding price offered by the final assignees. However, in the event that the aforesaid bidding is not successful, the Board may consider adopting other plans and options which are in the best interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE PROPOSED OFFSHORE DISPOSAL AND THE PROPOSED ONSHORE DISPOSAL AND USE OF PROCEEDS

It is proposed that proceeds generated from the Proposed Offshore Disposal and the Proposed Onshore Disposal, if materialized, will be applied to replenish the Group's general working capital.

As at the date of this announcement, the final consideration for the Proposed Offshore Disposal and the Proposed Onshore Disposal have yet to be confirmed, and no agreement for the transfer of the Offshore Disposal Assets and the Onshore Disposal Assets has been entered into. The Company will make further disclosure on the financial effect of the Proposed Offshore Disposal and the Proposed Onshore Disposal in accordance with the Listing Rules when the final considerations for the Proposed Offshore Disposal and the Proposed Onshore Disposal have been confirmed.

REASONS FOR AND BENEFITS OF CONDUCTING THE PROPOSED OFFSHORE DISPOSAL AND THE PROPOSED ONSHORE DISPOSAL

The Offshore Disposal Assets and the Onshore Disposal Assets are low-efficiency non-performing assets invested from 2014 to 2017 and have certain potential risks as affected by multiple adverse factors under the current economic landscape including the tightening of the global monetary policies, geopolitical developments and the COVID-19 pandemic. The quality of these assets may deteriorate over a period of time in the future, which will result in considerable losses and further the impairment provisions made. The Board considers that the process of recovering the Offshore Disposal Assets and the Onshore Disposal Assets will be unpredictable, time-consuming and difficult. In addition, disposal of the Offshore Disposal Assets and the Onshore Disposal Assets by packages will be more appealing and efficient than disposal on a standalone basis.

The Proposed Offshore Disposal and the Proposed Onshore Disposal will enable the Group to optimize the asset-liability structure and improve the quality of its assets, effectively enhance its risk resistance capacity and increase its profitability in the future, which will provide the Group with a solid foundation to realize overall operational stability, further improve its competitiveness and promote sustainable development. Under the backdrop of the prudent risk management policy, it is expected that the amount of impairment provisions to be made by the Group will be reduced in the future, thus releasing more profits and enhancing its profitability. Furthermore, through the Proposed Offshore Disposal and the Proposed Onshore Disposal, the Group expects to be able to reallocate its resources to other existing businesses, reduce asset losses and lay a foundation for achieving overall operation stability.

In light of the above, the Directors are of the view that the Proposed Offshore Disposal and the Proposed Onshore Disposal, if materialized, will be conducted on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will make further announcement(s) as and when appropriate should there be any material development on the Proposed Offshore Disposal and the Proposed Onshore Disposal in accordance with the Listing Rules and the SFO.

As at the date of this announcement, each of the Proposed Offshore Disposal and the Proposed Onshore Disposal has yet to be materialized, the identities of the final assignees are still uncertain, and a binding agreement for the disposal of the Offshore Disposal Assets and the Onshore Disposal Assets in respect of the Proposed Offshore Disposal and the Proposed Onshore Disposal, respectively, has yet to be entered into. Even if the relevant agreement is entered into, the Proposed Offshore Disposal and the Proposed Onshore Disposal may or may not be proceed. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“GDFAE”	Guangdong Financial Assets Exchange (廣東金融資產交易中心股份有限公司)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Offshore Debtors”	the debtors of the Offshore Disposal Assets under the Proposed Offshore Disposal, who are independent third parties of the Company and its connected persons
“Offshore Disposal Assets”	the non-performing assets to be disposed of by the Company denominated in foreign currencies other than RMB under the Proposed Offshore Disposal
“Onshore Debtors”	the debtors of the Onshore Disposal Assets under the Proposed Onshore Disposal, who are independent third parties of the Company and its connected persons
“Onshore Disposal Assets”	the non-performing assets to be disposed of by Zhongju (Shenzhen) under the Proposed Onshore Disposal
“PRC”	the People’s Republic of China (for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Proposed Offshore Disposal”	the proposed disposal of the Offshore Disposal Assets
“Proposed Onshore Disposal”	the proposed disposal of the Onshore Disposal Assets
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	ordinary shares with a par value of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollar, the lawful currency of the United States
“Zhongju (Shenzhen)”	Zhong Ju (Shenzhen) Financial Leasing Company Limited* (中聚 (深圳) 融資租賃有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
Huarong International Financial Holdings Limited
Zhang Xing
Chairman

Hong Kong, 18 November 2022

In this announcement, amounts in HK\$ are translated into RMB on the basis of HK\$1 = RMB0.85519. The conversion rate is for illustration purposes only and should not be taken as a representation that HK\$ could actually be converted into RMB at such rate or at all.

As at the date of this announcement, the Board comprises Mr. Zhang Xing as non-executive director, Mr. Chen Qinghua and Mr. Lu Xinzheng as executive directors, and Mr. Hung Ka Hai Clement, Mr. Ma Lishan, Mr. Guan Huanfei and Dr. Lam Lee G. as independent non-executive directors.

* *For identification purposes only*