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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
PROPOSED DISPOSAL OF ASSETS BY WAY OF
PUBLIC LISTING-FOR-SALES**

THE OFFSHORE ASSET TRANSFER AGREEMENT

Reference is made to the announcements of the Company dated 12 October 2022 and 18 November 2022 in relation to the potential disposal of the Offshore Disposal Assets and Onshore Disposal Assets as listed on the website of GDFAE.

On 1 December 2022, the Company received a notification from the GDFAE stating that, following the eligibility vetting process performed by GDFAE, one interested assignee fulfilling the disposal conditions had been solicited for the Proposed Offshore Disposal. On 8 December 2022 (after the close of trading hours), the Company entered into the Offshore Asset Transfer Agreement with Great Sharp International, pursuant to which, the Company has conditionally agreed to sell and Great Sharp International has conditionally agreed to purchase the Offshore Disposal Assets at an aggregate consideration of US\$17,200,001 (approximately HK\$134,982,971).

Further, on 1 December 2022, Zhongju (Shenzhen) has been notified by the GDFAE that the listing period in relation to the Proposed Onshore Disposal has expired and no eligible entity has expressed its intention to acquire the Onshore Disposal Assets. As disclosed in the announcement of the Company dated 18 November 2022, in the event that the listing-for-sales in respect of the Proposed Onshore Disposal was 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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Proposed Offshore Disposal is more than 5% but less than 25%, the Proposed Offshore Disposal constitutes a discloseable transaction 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.

As at the date of this announcement, the Proposed Offshore Disposal has yet to be completed. The Proposed Offshore Disposal may or may not be completed, and Shareholders and potential investors are asked to exercise caution when dealing in the Shares.

I. SUMMARY

Reference is made to the announcements of the Company dated 12 October 2022 and 18 November 2022 in relation to the potential disposal of the Offshore Disposal Assets and Onshore Disposal Assets as listed on the website of GDFAE.

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II. THE OFFSHORE ASSET TRANSFER AGREEMENT

The principal terms of the Offshore Asset Transfer Agreement are set out as follows:

Date 8 December 2022

Parties

- The Company as the vendor
- Great Sharp International as the purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the date of this announcement, Great Sharp International and its ultimate beneficial owner are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

Subject Matter Pursuant to the Offshore Asset Transfer Agreement, the Company has conditionally agreed to sell, and Great Sharp International has conditionally agreed to purchase, the Offshore Disposal Assets, being certain non-performing assets that are of debt, equity, and other economic interests in nature. The total outstanding amount of the Offshore Disposal Assets as at 30 June 2022 is approximately RMB4,501,600,400 (approximately HK\$5,263,859,961) comprising principal amount of approximately RMB3,593,341,900 (approximately HK\$4,201,805,330) and interest amount of approximately RMB908,258,500 (approximately HK\$1,062,054,631).

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 RMB2,483,343,700 (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, 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) amounted to a total outstanding sum of approximately US\$27,018,500 (approximately RMB181,331,900) as at 30 June 2020 owed by the relevant Offshore Debtors, comprising principal amount of approximately US\$15,000,000 (approximately RMB100,671,000) and interest amount of approximately US\$12,018,500 (approximately RMB80,660,900), 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, resulting in a total outstanding sum of approximately RMB131,128,100 (approximately HK\$153,332,000) as at 30 June 2022 owed by the relevant Offshore Debtors, comprising principal amount of approximately RMB115,440,800 (approximately HK\$134,988,400) and interest amount of approximately RMB15,687,300 (approximately HK\$18,343,600); 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, resulting in a total outstanding sum of approximately RMB902,713,000 (approximately HK\$1,055,570,100) as at 30 June 2022 owed by the relevant Offshore Debtors, comprising principal amount of approximately RMB623,151,700 (approximately HK\$728,670,500) and interest amount of approximately RMB279,561,300 (approximately HK\$326,899,600), 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 pledge in respect of 100% equity interest in Chengdu Xinshengyuan 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).

Offshore Disposal Consideration and Payment Terms

The Offshore Disposal Consideration is USD17,200,001 (approximately HK\$134,982,971). Great Sharp International shall pay to the Company in one lump-sum amount of USD16,200,001 (approximately HK\$127,135,124), representing the remaining balance of the Offshore Disposal Consideration after deducting the bidding deposit of US\$1,000,000 (approximately HK\$7,847,847) already paid, within 10 business days from the date on which the Offshore Asset Transfer Agreement becomes effective.

The Offshore Disposal Consideration is higher than the Offshore Disposal Transaction Base Price. The bases on which the Offshore Disposal Transaction Base Price has been determined include: (i) the Valuation Reports prepared by the Independent Valuer based on using the integrated factor analysis method in determining the value of the Offshore Disposal Assets with an aggregate valuation of approximately RMB91.9 million (approximately HK\$107.5 million); (ii) the net book value (after impairment provision) of the principal amounts and interests of such Offshore Disposal Assets as of 30 June 2022 with an aggregate amount of approximately RMB352.89 million (approximately HK\$412.64 million); (iii) the marketability of the Offshore Disposal Assets among its potential purchasers; and (iv) the prerequisite requirements for potential purchasers to satisfy in order to participate in the Proposed Offshore Disposal and purchase the Offshore Disposal Assets.

Conditions Precedent

The closing of the Proposed Offshore Disposal is conditional upon the fulfilment or waiver of the following conditions precedent:

- i. Great Sharp International having paid the remaining balance of the Offshore Disposal Consideration in full and within 10 business days from the date on which the Offshore Asset Transfer Agreement becomes effective into the account as designated by the Company;
- ii. both the Company and Great Sharp International or their respective associates having executed the standalone asset transfer agreement for each of the Offshore Disposal Assets; and
- iii. the representations and warranties made by the Company and Great Sharp International remaining true and accurate in all material respects on the date of completion of the Proposed Offshore Disposal.

Completion

Completion of the Proposed Offshore Disposal shall take place on the date which the conditions precedent of the Offshore Asset Transfer Agreement have been fulfilled or waived, or such other date as the parties may agree in writing. At completion of the Proposed Offshore Disposal, the Offshore Disposal Assets shall be transferred to Great Sharp International.

III. INFORMATION ON THE GROUP AND THE PURCHASER

The Group

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

Great Sharp International

Great Sharp International is a company with limited liability incorporated under the laws of Hong Kong and is directly wholly-owned by Mr. Qian Tiwei (錢惕衛). Great Sharp International is principally engaged in investment and business holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the date of this announcement, Great Sharp International and Mr. Qian Tiwei (being the ultimate beneficial owner) are third parties independent of and are not connected persons of the Company.

IV. FINANCIAL EFFECTS OF THE PROPOSED OFFSHORE DISPOSAL AND USE OF PROCEEDS

It is proposed that proceeds generated from the Proposed Offshore Disposal (if completed) will be applied to replenish the Group's general working capital.

According to calculations based on the Offshore Disposal Consideration, the Company expects to record from the Proposed Offshore Disposal an unaudited loss before taxation of approximately RMB237,450,569 (approximately HK\$277,658,262), which is equivalent to the difference between (i) the Offshore Disposal Consideration and (ii) the net book value (after impairment provision) of the Offshore Disposal Assets as at 30 June 2022. The actual loss arising from the Proposed Offshore Disposal shall be subject to the audit performed by the Company's auditor.

V. REASONS FOR AND BENEFITS OF CONDUCTING THE PROPOSED OFFSHORE DISPOSAL

The Offshore 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. Over the years, the Company has endeavored to retrieve the overdue sums arising from the Offshore Disposal Assets, including initiating legal proceedings against the Offshore Debtors, and reorganizing the Offshore Disposal Assets. Currently, the consideration for the Offshore Disposal Assets is lower than their net book value (after impairment provision) but still higher than their valuation under the Valuation Report. The Company expects the quality of these assets may continue to deteriorate over a period of time in the future, which will result in considerable losses and further the impairment provisions made, and would be worthwhile for the Group to dispose of the Offshore Disposal Assets as soon as practicable. The Board considers that the process of recovering the Offshore Disposal Assets will be unpredictable, time-consuming and difficult. In addition, disposal of the Offshore Disposal Assets by package will be more appealing and efficient than disposal on a standalone basis.

The Proposed Offshore 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, 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 terms of the Proposed Offshore Disposal, are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

VI. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Proposed Offshore Disposal, on an aggregated basis, is more than 5% but less than 25%, the Proposed Offshore Disposal constitutes a discloseable transaction 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.

As at the date of this announcement, the Proposed Offshore Disposal has yet to be completed. The Proposed Offshore Disposal may or may not be completed, and Shareholders and potential investors are asked to exercise caution when dealing in the Shares.

VII. DEFINITIONS

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

“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
“controlling shareholder(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)
“Great Sharp International”	Great Sharp International Limited (新鋒國際有限公司), a company with limited liability incorporated under the laws of Hong Kong, being the purchaser under the Offshore Asset Transfer Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Valuer”	China United Assets Appraisal Group Co., Ltd., the independent professional valuer for the Proposed Offshore Disposal
“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 Asset Transfer Agreement”	the asset transfer agreement dated 8 December 2022 entered into between the Company and Great Sharp International in relation to the Proposed Offshore Disposal
“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 assets to be disposed of by the Company denominated in foreign currencies other than RMB as described in the section headed “Information on the Disposal Assets – Offshore Disposal Assets for the Proposed Offshore Disposal” in this announcement
“Offshore Disposal Consideration”	the price for the transfer of the Offshore Disposal Assets under the Offshore Asset Transfer Agreement, being, US\$17,200,001 (approximately HK\$134,982,971)
“Offshore Disposal Transaction Base Price”	the transaction base price for the Proposed Offshore Disposal

“Onshore Disposal Assets”	the assets to be disposed of by Zhongju (Shenzhen) denominated in RMB as described in the section headed “Information on the Disposal Assets – Onshore Disposal Assets for the Proposed Onshore Disposal” in this announcement
“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 disposal of the Offshore Disposal Assets
“Proposed Onshore Disposal”	the disposal of the Onshore Disposal Assets
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Valuation Reports”	the valuation reports prepared by the Independent Valuer on the valuation of the Offshore Disposal Assets
“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, 8 December 2022

In this announcement, amounts in HK\$ are translated into RMB and US\$ on the basis of HK\$1 = RMB0.85519 and US\$1 = RMB6.7114, respectively. The conversion rate is for illustration purposes only and should not be taken as a representation that HK\$ and US\$ 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 Xinzhen 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*