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## **CHINA HUIRONG FINANCIAL HOLDINGS LIMITED**

**中國匯融金融控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1290)**

### **DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE**

#### **FORMATION OF THE JV COMPANY**

The Board is pleased to announce that the JV Company conducting financial leasing business in the PRC was duly established on 16 May 2023, being the date of issue of the business license, after the Local Financial Supervision and Administration Bureau of Jiangsu Province\* (江蘇省地方金融監督管理局) issued an approval on 8 May 2023 and the JV Company commenced its business operation on 24 May 2023. The JV Company was owned by Huifang Technology, a wholly-owned subsidiary of the Company, Shengzhuang Food and Tianyi Knitwear as to 70%, 20% and 10%, respectively.

Pursuant to the Capital Contribution Agreement (as supplemented by the Supplemental Agreement), the total registered capital of the JV Company will be RMB170,000,000, among which, Huifang Technology, Shengzhuang Food and Tianyi Knitwear will contribute RMB119,000,000, RMB34,000,000 and RMB17,000,000 in cash, respectively.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the transaction contemplated under the formation of the JV Company is/are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

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## **THE CAPITAL CONTRIBUTION AGREEMENT**

The principal terms of the Capital Contribution Agreement (as supplemented by the Supplemental Agreement) are summarized below.

### **Date**

21 February 2023

### **Parties**

- (1) Huifang Technology;
- (2) Shengzhuang Food; and
- (3) Tianyi Knitwear.

### **Registered Capital**

The total registered capital of the JV Company will be RMB170,000,000, among which, Huifang Technology, Shengzhuang Food and Tianyi Knitwear will contribute RMB119,000,000, RMB34,000,000 and RMB17,000,000 in cash, respectively (the “**Contribution**”).

The Contribution to be made by the JV Parties were arrived at after arm’s length negotiations among the JV Parties with reference to the capital requirement of the JV Company and the working capital requirement for the operation of the financial leasing business of the JV Company.

### **Contribution Term**

The Contribution shall be deposited by the JV Parties to the bank account of the JV Company in cash within 90 days after the opening of such bank account.

The capital contribution to the JV Company by Huifang Technology will be funded by the Group’s internal resources.

## **Board Composition**

The board of directors of the JV Company will consist of five (5) directors, among which, three (3) directors will be nominated and appointed by Huifang Technology and one (1) director will be nominated and appointed by each of Shengzhuang Food and Tianyi Knitwear.

## **Transfer**

The JV Parties may transfer their respective capital contribution in the JV Company in accordance with the Company Law of the PRC and the requirements under the articles of association of the JV Company.

## **Profit Sharing**

80% of the net profits after tax (after deduction of the statutory provident fund) of the JV Company may be distributed to the JV Parties in proportion to their respective actual capital contribution to the JV Company.

## **Amendment to the Articles of Association**

The articles of association of the JV Company may only be amended with the unanimous consent of all the JV Parties.

## **BUSINESS SCOPE OF THE JV COMPANY**

The scope of business of the JV Company includes financial leasing and leasing service.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The Group is principally engaged in the provision of diversified financial services, including pawnshop, micro-finance, commercial factoring, art investment, turnover loan fund, equity investment, special asset investment and etc. to its customers.

With the establishment of the JV Company, the Group will provide financial leasing services to its customers, which will be supervised by the Ecology Finance Business Division of the Group. The strategy of the Group is to leverage the corporate customer resources accumulated by the Group over the years to serve the development of the real economy and provide personalized financial leasing services for the industrial upgrading of small and medium-sized enterprises.

The establishment of the JV Company reflects the Group's continuous progress towards its position as a leading integrated financial services provider in the PRC. The Company will further explore new development paths, continuously increase the percentage of profit contribution from new business segments, and realize the complementary co-existence of traditional and new business segments in the future.

The Directors (including the independent non-executive Directors) consider that the formation of the JV Company, the Capital Contribution Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder have been made on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the transaction contemplated under the formation of the JV Company is/are more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

## **INFORMATION ON THE JV PARTIES**

### **Huifang Technology**

Huifang Technology is a company established under the laws of the PRC with limited liability and an investment holding company. It is a wholly-owned subsidiary of the Company.

### **Shengzhuang Food**

Shengzhuang Food is a company established under the laws of the PRC with limited liability and is principally engaged in the trade of alcohol, beverages and small packaged foods.

### **Tianyi Knitwear**

Tianyi Knitwear is a company established under the laws of the PRC with limited liability and is principally engaged in the research, development, production and sales of intimate clothing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Shengzhuang Food and Tianyi Knitwear and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## GENERAL

The Company was incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 01290). The Group is principally engaged in the provision of diversified financial services, including pawnshop, micro-finance, commercial factoring, art investment, turnover loan fund, equity investment, special asset investment and etc. to its customers.

## DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Capital Contribution Agreement”	the shareholder capital contribution agreement dated 21 February 2023 and entered into among Huifang Technology, Shengzhuang Food and Tianyi Knitwear in relation to the formation of the JV Company
“Company”	China Huirong Financial Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 01290)
“Contribution”	has the meaning ascribed to it under the section headed “THE CAPITAL CONTRIBUTION AGREEMENT — Registered Capital” in this announcement
“connected persons”	has the meaning as ascribed in the Listing Rules
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Huifang Technology”	Suzhou Huifang Technology Co., Ltd.* (蘇州匯方科技有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“JV Company”	Suzhou Huifang Financial Leasing Co., Ltd.* (蘇州匯方融資租賃有限公司), a company established under the laws of the PRC with limited liability on 16 May 2023
“JV Parties”	Huifang Technology, Shengzhuang Food and Tianyi Knitwear
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Shengzhuang Food”	Suzhou Shengzhuang Food Co., Ltd.* (蘇州聖莊食品有限公司), a company established under the laws of the PRC with limited liability
“Tianyi Knitwear”	Suzhou Tianyi Knitwear Co., Ltd.* (蘇州天衣針織品有限公司), a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement” the supplemental agreement to the Capital Contribution Agreement dated 6 March 2023 and entered into among Huifang Technology, Shengzhuang Food and Tianyi Knitwear in relation to supplementing certain terms of the Capital Contribution Agreement

“%” per cent

By Order of the Board  
**China Huirong Financial Holdings Limited**  
**WU Min**  
*Chairman*

Hong Kong, 24 May 2023

*As at the date of this announcement, the executive Directors are Mr. Wu Min, Mr. Qiu Wei, Mr. Zhang Changsong and Mr. Yao Wenjun, the non-executive Directors are Mr. Ling Xiaoming and Ms. Zhang Shu and the independent non-executive Directors are Mr. Liang Jianhong, Mr. Feng Ke and Mr. Tse Yat Hong.*

\* *For identification purposes only*