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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)

**UPDATE ANNOUNCEMENT ON POTENTIAL
DISCLOSEABLE TRANSACTION IN RELATION TO
PROPOSED ASSIGNMENT OF THE TARGET CREDITOR'S RIGHTS BY
ZHONGJU (SHENZHEN) BY WAY OF PUBLIC LISTING-FOR-SALES**

References are made to the announcement of the Company dated 19 September 2022 in relation to the First Potential Assignment (the “**First Announcement**”) and the announcement of the Company dated 20 October 2022 (the “**Update Announcement**”, together with the First Announcement, the “**Previous Announcements**”) in relation to the Second Potential Assignment. Unless otherwise stated, capitalised terms used in this announcement have the same meaning as those defined in the Previous Announcements.

The Second Listing Period for the Second Potential Assignment as disclosed in the Update Announcement has expired and no eligible entity has expressed its intention to acquire the Target Creditor's Rights pursuant to the Second Potential Assignment. As disclosed in the Update Announcement, in the event that the listing-for-sales in respect of the Second Potential Assignment was not successful, the Board may consider adopting other plan and options which are in the best interest of the Company and its shareholders as a whole.

THIRD POTENTIAL ASSIGNMENT BY WAY OF LISTING-FOR-SALES

The Board hereby announces that Zhongju (Shenzhen), as the assignor, has published an announcement on the website of GFATC on 29 August 2023 to commence the official process for the assignment of the Target Creditor's Rights by way of listing-for-sales through internet bidding for the third time in accordance with the provisions of applicable PRC laws and relevant regulations and rules of the GFATC (the “**Third Potential Assignment**”). The listing period of the Third Potential Assignment will commence from 29 August 2023 and end on 4 September 2023 (the “**Third Listing Period**”).

The transaction base price of the Third Potential Assignment is approximately RMB92,000,000 (the “**Third Transaction Base Price**”), which has been determined with reference to, amongst others, (i) the net book value of the Target Primary Creditor’s Rights as at 31 December 2022 (audited) and as at 31 March 2023 (unaudited), both of which being approximately RMB73,129,947; (ii) reduction of the First Transaction Base Price and the Second Transaction Base Price in light of the unsuccessful listing-for-sales in respect of the First Potential Assignment and the Second Potential Assignment (collectively, the “**Previous Potential Assignments**”); and (iii) the factors set out in the section headed “Reasons for and benefits of conducting the Third Potential Assignment” below.

The net book value of the Pingshan Lake Primary Creditor’s Rights, the Lhasa Primary Creditor’s Rights and the Lihua Primary Creditor’s Rights amounted to approximately RMB24,049,593, RMB49,080,354 and nil, respectively, as at 31 December 2022 (audited) and as at 31 March 2023 (unaudited).

Save for the Third Transaction Base Price and the Third Listing Period in respect of the Third Potential Assignment as disclosed in this announcement, the Target Creditor’s Rights proposed for the Third Potential Assignment and the other principal terms of the Third Potential Assignment (including but not limited to the listing-for-sales procedures) are substantially the same as those of the Previous Potential Assignments as disclosed in the Previous Announcements.

The final consideration for the Third Potential Assignment will depend on the highest bidding price offered by the Final Assignee, which is expected to be not lower than the Third Transaction Base Price. However, in the event that the aforesaid internet bidding is not successful, the Board may consider adopting other plan and options which are in the best interest of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF CONDUCTING THE THIRD POTENTIAL ASSIGNMENT

Although the listing-for-sales in respect of the Previous Potential Assignments have been unsuccessful, the Company intends to further reduce the transaction base price to increase the chance of attracting the interested and eligible entities and natural persons to bid for the acquisition of the Target Creditor’s Rights after taking into account the following factors, among others, (i) the Third Transaction Base Price is higher than the net book value of the Target Primary Creditor’s Rights as at 31 December 2022 (audited) and as at 31 March 2023 (unaudited); (ii) given that the distressed circumstances of the Debtors are expected to deteriorate gradually which will put the Company in an unfavourable position, the chance and process of recovering or assigning the Target Creditor’s Rights has become very difficult and unpredictable; (iii) the assignment of the Target Creditor’s Rights, if successful, will allow the Group to have additional cash inflow and reallocate its resources to other existing business; and (iv) other reasons for and benefits of conducting the Previous Potential Assignments which have been disclosed in the Previous Announcements.

In light of the above, the Directors are of the view that the Third Potential Assignment will be conducted on normal commercial terms, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on the Third Transaction Base Price, the Company expects the highest applicable ratio set out in Rule 14.07 of the Listing Rules in respect of the Third Potential Assignment to be more than 5% but less than 25%, the Third Potential Assignment 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.

The Company will perform relevant procedures and make further disclosures as and when appropriate based on the final transaction price of the Third Potential Assignment in compliance with relevant provisions of the Listing Rules.

As at the date of this announcement, the Third Potential Assignment has not been finalised, the identity of the Final Assignee is still uncertain, and a binding agreement for the assignment of the Target Creditor's Rights in respect of the Third Potential Assignment has yet to be signed by Zhongju (Shenzhen). Even if the relevant agreement is signed, the Third Potential Assignment may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 August 2023

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.