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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 DISCLOSEABLE TRANSACTION
IN RELATION TO THE SUPPLEMENTAL COMPENSATION DEED**

INTRODUCTION

Reference is made to the announcement (the “**2017 Announcement**”) issued by Huarong International Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 18 December 2017 in relation to, among other things, the subscription of listed securities of Sunshine 100 China Holdings Ltd (the “**Target Company**”) by Beyond Steady Limited (the “**Subscriber**”). Unless otherwise defined herein, capitalized terms used herein shall have the same meanings ascribed to them in the 2017 Announcement.

SUPPLEMENTAL COMPENSATION DEED

The Board is pleased to announce that on 16 December 2020 (after trading hours of the Stock Exchange), Joywise entered into the Supplemental Compensation Deed in favour of the Subscriber, pursuant to which, among other things, the Deed of Compensation will be amended and supplemented on the terms set out in the Supplemental Compensation Deed with effect from the Effective Date.

With effect from the Effective Date, under the Deed of Compensation as amended and supplemented by the Supplemental Compensation Deed, among other things, (a) the Subscriber will be able to continue to benefit from the Return Undertaking under the Deed of Compensation for an additional six-month period beginning on 18 June 2021 and ending on 17 December 2021, both days inclusive (the “**Extended Compensation Period**”); and (b) the formula for the calculation of Reference Proceeds (the “**Formula**”) will be amended as follows:

- (i) (the consideration paid under the Subscription Agreement in respect of the Subscription Shares being disposed of) x (1 + 21% + 10.5% x N/365)

plus

- (ii) the Subscriber’s transaction costs incurred in the disposal, including but not limited to reasonable legal fees, stamp duty and brokerage

minus

- (iii) the distributions (including dividends) made by the Target Company and actually received by the Subscriber during the period between 1 December 2020 and the date of the disposal in respect of the Subscription Shares being disposed of

Where “N” shall equal to the number of calendar days lapsed from 18 December 2020 to the date of the disposal.

With respect to item (i) of the Formula, the restated annual compensation rate of 10.5% under the Supplemental Compensation Deed comprises (a) the 7% annual compensation rate under the Deed of Compensation and (b) a fee that is owed to another wholly-owned subsidiary of the Company under a separate existing consultancy agreement which Joywise will repay the Group during the term of the Supplemental Compensation Deed. With respect to item (iii) of the Formula, the Target Company has not made any distributions (including dividends) since completion date of the Subscription up until the date of this announcement.

The Supplemental Compensation Deed was entered into after arm’s length negotiations between the Subscriber and Joywise.

This announcement is made for the information of the shareholders and other investors of the Company pursuant to Rule 14.36 of the Listing Rules.

Taking into account the additional return on investment for the Company, the Board considered that the terms of the Supplemental Compensation Deed, including the Extended Compensation Period and the Formula, are fair and reasonable and in the interest of the Company and its shareholders.

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Effective Date”	the date immediately after the three-year period from the completion of the Subscription
“Return Undertaking”	the compensation in cash by Joywise to the Subscriber where the Sale Proceeds is less than the Reference Proceeds in respect of the disposal of any of the Subscription Shares during the Compensation Period
“Supplemental Compensation Deed”	the supplemental deed to deed of compensation entered into by Joywise in favour of the Subscriber on 16 December 2020

By order of the Board
Huarong International Financial Holdings Limited
Yang Rungui
Chairman

Hong Kong, 16 December 2020

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