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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)**

### **ANNOUNCEMENT CONNECTED TRANSACTION FORMATION OF LIMITED PARTNERSHIP**

#### **FORMATION OF LIMITED PARTNERSHIP**

On 13 May 2022, Huifang Technology, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with the Partners in relation to the proposed formation of the Limited Partnership.

Pursuant to the Partnership Agreement, the total capital commitment in relation to the Limited Partnership shall be RMB20,000,000, out of which the capital commitment of Huifang Technology shall be RMB12,000,000 and the capital commitment of each of the Partners shall be RMB1,000,000, respectively. Following its formation, the Limited Partnership will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

#### **LISTING RULES IMPLICATIONS**

As two Partners are executive Directors and one Partner is the chief executive officer of the Company and thus connected persons of the Company, the entering into of the Partnership Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the total commitment of the Company in the Limited Partnership exceed 0.1% but is less than 5%, the formation of the Limited Partnership contemplated under the Partnership Agreement is subject to the reporting and announcement requirements under the Listing Rules, and is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## FORMATION OF LIMITED PARTNERSHIP

On 13 May 2022, Huifang Technology, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with the Partners in relation to the proposed formation of the Limited Partnership. Information of the Limited Partnership and the principal terms of the Partnership Agreement are set out below:

**Date of the Partnership Agreement** : 13 May 2022

**Parties to the Partnership Agreement** : (1) Huifang Technology, an indirect wholly-owned subsidiary of the Company (as limited partner)

(2) Mr. Wu Min, an executive Director (as limited partner)

(3) Mr. Qiu Wei, the chief executive officer of the Company (as limited partner)

(4) Mr. Zhang Changsong, an executive Director (as limited partner)

(5) Mr. Yao Wenjun, a senior management of the Company (as limited partner)

(6) Mr. Zhou Jun, a senior management of the Company (as limited partner)

(7) Mr. Chai Kun, one of the joint company secretaries of the Company (as general partner)

(8) Mr. Tang Zhi, a technology research and development director of the Company (as limited partner)

(9) Ms. Zhu Yingfei, an equity investment manager of the Company (as limited partner)

(save for Huifang Technology, each a “**Partner**”, together, the “**Partners**”)

**Proposed name of the Limited Partnership** : Suzhou Huifang Tongcui Business Management Consulting Partnership (Limited Partnership)\* (蘇州匯方同萃企業管理諮詢合夥企業(有限合夥))

- Business scope** : Equity investment management
- Operation scope** : The Limited Partnership will set up an investment fund (the “**Investment Fund**”) with Suzhou Qianhui Zhitou Capital Management Limited Company\* (蘇州乾匯智投資本管理有限公司) (the “**Fund Partner**”), an Independent Third Party. The Limited Partnership will act as an executive partner to the Investment Fund and the Fund Partner will act as a manager to the Investment Fund. It is preliminarily targeted that the assets under management of the Investment Fund shall be approximately RMB200,000,000 and shall be for an investment period of 7 years.
- Term** : Until terminated in accordance with the terms of the Partnership Agreement.

<b>Capital commitment</b>	<b>Capital commitment (RMB)</b>	<b>Capital proportion (%)</b>
(1) Huifang Technology	12,000,000	60%
(2) Mr. Wu Min	1,000,000	5%
(3) Mr. Qiu Wei	1,000,000	5%
(4) Mr. Zhang Changsong	1,000,000	5%
(5) Mr. Yao Wenjun	1,000,000	5%
(6) Mr. Zhou Jun	1,000,000	5%
(7) Mr. Chai Kun	1,000,000	5%
(8) Mr. Tang Zhi	1,000,000	5%
(9) Ms. Zhu Yingfei	<u>1,000,000</u>	<u>5%</u>
<b>Total</b>	<b><u>20,000,000</u></b>	<b><u>100%</u></b>

The total capital commitment of the Limited Partnership and the amount of capital contribution of Huifang Technology and each Partner are determined after arm’s length negotiations among them with reference to the anticipated capital requirements for the set up and operation of the Limited Partnership.

Under no circumstances shall the Limited Partnership raise funds by means by external borrowings.

- Payment of capital contribution** : The respective capital contribution set out above shall be paid by Huifang Technology and each Partner in full on or before 31 December 2037. Actual payment schedule shall depend on the actual capital needs of the Limited Partnership.
- It is anticipated that the total capital commitment payable by Huifang Technology will be funded by internal resources of the Group.
- Profit distribution** : Distributable profit generated from the operation of the Limited Partnership shall be distributed among Huifang Technology and the Partners in proportion to their respective capital contribution to the Limited Partnership after deducting any operating expenses incurred by the Limited Partnership.
- Transfer of interest** : Any transfer of interests in the Limited Partnership to any third parties shall be approved by all the non-transferring partners of the Limited Partnership (the “**Non-transferring Partners**”) and the Non-transferring Partners shall have the right of first refusal under the same price, terms and conditions of such proposed transfer.
- Subject to other terms of the Partnership Agreement, none of Huifang Technology nor the Partners shall charge, assign, transfer, pledge or otherwise create any encumbrance over all or any part of its interest in the Limited Partnership.
- Acting in concert** : For the purpose of long-term and sustainable development of the business and operation of the Limited Partnership, Huifang Technology and all Partners agree to act in concert with each other in relation to material issues relating to the operation and management of the Limited Partnership. Huifang Technology agrees to take into account the interests of each of the Partners and not to disregard or adversely harm the interests of any of the Partners in making any business decisions for the Limited Partnership.
- Others** : The Limited Partnership shall not provide any form of guarantee to any person or entity.

The Limited Partnership is a limited partnership to be established under the laws of the PRC. As the Limited Partnership is yet to be formed, no financial information or past performance of the Limited Partnership is available for disclosure in this announcement.

Following its formation, the Limited Partnership will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT**

The Group intends to establish the Limited Partnership for the purpose of setting up the Investment Fund with the Fund Partner, which is an investment institution, to leverage on the resources and expertise of the Fund Partner in equity investment and to explore for potential investment opportunities on advanced manufacturing.

The entering into of the Partnership Agreement with the Partners and the sharing of the profits to be generated from the Limited Partnership via the management of the Investment Fund are for the purpose of aligning the interests of the Company with the Partners. The Group believed that such arrangements will provide incentives for the Partners (being senior management and core employees of the Group) to actively participate in the management of the Investment Fund through the Limited Partnership and will result in greater returns to the Company and the Shareholders as a result of the outstanding performance of the Investment Fund.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Partnership Agreement is entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Wu Min and Mr. Zhang Changsong, each an executive Director, are materially interested in the formation of the Limited Partnership, they have abstained from voting on the board resolutions approving the entering into of the Partnership Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATION**

As two Partners are executive Directors and one Partner is the chief executive officer of the Company and thus connected persons of the Company, the entering into of the Partnership Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the total capital commitment of the Company in the Limited Partnership exceed 0.1% but is less than 5%, the formation of the Limited Partnership contemplated under the Partnership Agreement is subject to the reporting and announcement requirements under the Listing Rules, and is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INFORMATION ON THE PARTIES TO THE PARTNERSHIP AGREEMENT

### The Group

The Group is dedicated to providing diversified financial services such as pawnshop, micro-finance, commercial factoring, art investment, turnover loan fund, equity investment and special asset investment to customers. Its business currently mainly covers Suzhou, Chengdu, Wuhan, Hefei, Wuxi, Hong Kong and Changsha, and is striving to become a leading service provider of inclusive finance and ecology finance in the PRC.

### Huifang Technology

Huifang Technology is a wholly foreign-owned enterprise established under the laws of the PRC, which is an indirect wholly-owned subsidiary of our Company. It is principally engaged in headquarters management.

### The Partners

All of the Partners are employees of the Group. Two Partners are executive Directors, one Partner is the chief executive officer of the Company and the rest of the Partners are senior management and core employees of the Group.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the two Partners being executive Directors and one Partner being the chief executive officer of the Company, each of the other five Partners is an Independent Third Party.

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Huirong Financial Holdings Limited (中國匯融金融控股有限公司), 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: 1290)
“connected person(s)”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Independent Third Party/(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Limited Partnership”	Suzhou Huifang Tongcui Business Management Consulting Partnership (Limited Partnership)* (蘇州匯方同萃企業管理諮詢合夥企業(有限合夥)), a limited partnership to be formed under the laws of the PRC pursuant to the Partnership Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Agreement”	the partnership agreement dated 13 May 2022 and entered into between Huifang Technology and the Partners in relation to the formation of the Limited Partnership, as supplemented by the supplemental agreement dated 13 May 2022 and entered into between Huifang Technology and the Partners
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huifang Technology”	Suzhou Huifang Technology Co. Ltd.* (蘇州匯方科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent

\* For identification purpose only

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

Hong Kong, 13 May 2022

*As at the date of this announcement, the executive Directors are Mr. Wu Min and Mr. Zhang Changsong, the non-executive Directors are Mr. Zhuo You, Mr. Zhang Cheng, 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.*