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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**

### **UPDATE ON THE PROPOSED ASSIGNMENT OF THE TARGET CREDITOR'S RIGHTS BY ZHONGJU (SHENZHEN) BY WAY OF PUBLIC LISTING-FOR-SALES**

#### **ASSIGNMENT AGREEMENT**

The Board is pleased to announce that on 15 September 2023 (after trading hours), Zhongju (Shenzhen), an indirect wholly-owned subsidiary of the Company, entered into the Assignment Agreement with Nanchang Rongen, pursuant to which Zhongju (Shenzhen) has conditionally agreed to assign to Nanchang Rongen, and Nanchang Rongen has conditionally agreed to receive, the Target Creditor's Rights at the Transfer Price of RMB92,000,000 (equivalent to approximately HK\$100,280,000).

#### **LISTING RULES IMPLICATIONS**

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Assignment is more than 5% but less than 25%, the 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 only but is exempt from the circular and the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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

## I. SUMMARY

References are made to the announcement of the Company dated 19 September 2022 in relation to the First Potential Assignment, the announcement of the Company dated 20 October 2022 in relation to the Second Potential Assignment and the announcement of the Company dated 29 August 2023 in relation to the Third Potential Assignment.

On 4 September 2023, Zhongju (Shenzhen) received a notification from GFATC stating that one interested and eligible assignee, namely Nanchang Rongen, had been solicited for the Assignment. On 15 September 2023 (after trading hours), Zhongju (Shenzhen) entered into the Assignment Agreement with Nanchang Rongen, pursuant to which Zhongju (Shenzhen) agreed to assign to Nanchang Rongen, and Nanchang Rongen agreed to receive, the Target Creditor's Rights at the Transfer Price of RMB92,000,000 (equivalent to approximately HK\$100,280,000).

## II. ASSIGNMENT AGREEMENT

The principal terms of the Assignment Agreement are set out as follows:

Date: 15 September 2023

Parties: (i) Zhongju (Shenzhen), as the assignor  
(ii) Nanchang Rongen, as the assignee

### **Subject matter**

Pursuant to the Assignment Agreement, Zhongju (Shenzhen) has conditionally agreed to assign to Nanchang Rongen, and Nanchang Rongen has conditionally agreed to receive, the Target Creditor's Rights. The assets proposed for the Assignment by Zhongju (Shenzhen) (as the assignor) to Nanchang Rongen (as the assignee) (the "**Target Creditor's Rights**") pursuant to the Assignment Agreement include:

#### **(1) Creditor's Rights owed by Pingshan Lake**

- (i) the primary creditor's rights owed by Pingshan Lake to Zhongju (Shenzhen) amounted to approximately RMB62,786,287 as at the Benchmark Date pursuant to the second instance judgement of Guangdong Higher People's Court made in favour of Zhongju (Shenzhen) (as the claimant) dated 13 September 2022 for the dispute relating to the underlying agreements entered into between Pingshan Lake as lessee and Zhongju (Shenzhen) as lessor in relation to the arrangement of the sale and leaseback of the wind turbine generators (the "**Pingshan Lake Finance Lease**") which have been overdue, comprising the principal lease amount of approximately RMB50 million, the interest amount of approximately RMB3,685,418, the liquidated damages of approximately RMB8,942,547 and other expenses and fees in the amount

of approximately RMB158,323 (the “**Pingshan Lake Primary Creditor’s Rights**”); and

- (ii) certain rights to guarantees, securities and pledges (such as the equity pledge of the entire equity interest of Pingshan Lake) relating to the Pingshan Lake Primary Creditor’s Rights (the “**Pingshan Lake Guarantee Rights**”, together with Pingshan Lake Primary Creditor’s Rights, the “**Pingshan Lake Creditor’s Rights**”).

(2) *Creditor’s Rights owed by Lhasa Fengdian*

- (i) the primary creditor’s rights owed by Lhasa Fengdian to Zhongju (Shenzhen) amounted to approximately RMB155,186,431 as at the Benchmark Date pursuant to the second instance judgment of Guangdong Higher People’s Court made in favour of Zhongju (Shenzhen) (as the claimant) dated 13 September 2022 for the dispute relating to the underlying agreements entered into between Lhasa Fengdian as lessee and Zhongju (Shenzhen) as lessor in relation to the arrangement of the sale and leaseback of the photovoltaic power station equipment (the “**Lhasa Finance Lease**”) which have been overdue, comprising the principal lease amount of approximately RMB120 million, the interest amount of approximately RMB12,789,259, the liquidated damages of approximately RMB22,158,299 and other expenses and fees in the amount of approximately RMB238,873 (the “**Lhasa Primary Creditor’s Rights**”); and
- (ii) certain rights to guarantees, securities and pledges (such as the equity pledge of the entire equity interest of Lhasa Fengdian) relating to the Lhasa Primary Creditor’s Rights (the “**Lhasa Guarantee Rights**”, together with Lhasa Primary Creditor’s Rights, the “**Lhasa Creditor’s Rights**”).

(3) *Creditor’s Rights owed by Lihua Energy*

- (i) the primary creditor’s rights owed by Lihua Energy to Zhongju (Shenzhen) amounted to approximately RMB7,741,902 as at the Benchmark Date pursuant to the arbitral award of Shenzhen Court of International Arbitration (深圳國際仲裁院) made in favour of Zhongju (Shenzhen) (as the applicant) dated 8 November 2018 for the dispute relating to the underlying agreements entered into between Lihua Energy as lessee and Zhongju (Shenzhen) as lessor in relation to the arrangement of the sale and leaseback business of the logistics vehicles and storage tanks (the “**Lihua Finance Lease**”) which have been overdue, comprising the principal and interest amount of approximately RMB3,406,954, the liquidated damages of approximately RMB1,584,234 and other expenses and fees in the amount of approximately RMB2,750,715, as well as the right of repossession of the 154 vehicles used for transporting dangerous chemical which are leased assets under the Lihua Finance Lease (the “**Lihua Primary Creditor’s Rights**”); and

- (ii) certain rights to guarantees, securities and pledges (such as the equity pledge of the 15% equity interest of Lihua Energy) relating to the Lihua Primary Creditor's Rights (the "**Lihua Guarantee Rights**", together with Lihua Primary Creditor's Rights, the "**Lihua Creditor's Rights**").

### **Transfer Price and Payment Terms**

The Transfer Price for the assignment of the Target Creditor's Rights under the Assignment Agreement is RMB92,000,000 (equivalent to approximately HK\$100,280,000). Nanchang Rongen shall pay to Zhongju (Shenzhen) in one lump-sum amount of RMB77,000,000, representing the balance of the Transfer Price after deducting the bidding deposit in the amount of RMB15,000,000 which has already been paid by Nanchang Rongen, within 15 business days from the date on which the Assignment Agreement becomes effective.

The Transfer Price is equivalent to the Third Transaction Base Price, which has been determined after taking into account (i) the net book value (after impairment provision) 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) certain discount has been made to 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 respectively; and (iii) the factors set out in the section headed "Reasons for and benefits of the Assignment" below in this announcement.

### **Conditions Precedent**

The completion of the Assignment is conditional upon the fulfilment of the following conditions precedent:

- (1) Zhongju (Shenzhen) has received the balance of the Transfer Price (i.e. RMB77,000,000) in full from Nanchang Rongen and, if applicable, any liquidated damages arising from the breach of the Assignment Agreement on the part of Nanchang Rongen and other outstanding fees to be payable by Nanchang Rongen to Zhongju (Shenzhen) pursuant to the Assignment Agreement;
- (2) as at the Completion Date, Nanchang Rongen has complied with and shall continue to comply with all the pre-completion undertakings or covenants under the Assignment Agreement;
- (3) the representations and warranties made by Nanchang Rongen under the Assignment Agreement are true and accurate as at the Completion Date; and
- (4) Zhongju (Shenzhen) has obtained the filing confirmations or approval documents from the relevant governmental authorities which Zhongju (Shenzhen) considers necessary for the Assignment in accordance with the applicable laws of the PRC.

## **Completion**

The completion of the Assignment shall take place on the date of the 10th business days after the fulfilment of all conditions precedent stipulated under the Assignment Agreement (the “**Completion Date**”), or in the event that all conditions precedent have been fulfilled, Zhongju (Shenzhen) has the right to designate an earlier date prior to the date of the 10th business days after the fulfilment of all conditions precedent stipulated under the Assignment Agreement with prior written notice to Nanchang Rongen.

## **Transitional Period**

During the Transitional Period, Zhongju (Shenzhen) has the right to deal with the Target Creditor’s Rights (the “**Dealing**”) on its own initiative in accordance with the applicable laws and regulations of the PRC, and Nanchang Rongen shall unconditionally recognise and accept the actions taken by Zhongju (Shenzhen) in respect of the Target Creditor’s Rights and the results thereof. Any cash and non-cash assets realised as a result of the Dealing shall be paid or transferred to Nanchang Rongen (after deducting the cost of the Dealing and any other outstanding fees to be paid by Nanchang Rongen to Zhongju (Shenzhen) (if applicable)) within 10 business days after the Completion Date.

## **III. INFORMATION OF THE PARTIES**

The Group is principally engaged in the brokerage and dealing of securities, margin financing, financial advisory, direct investments, investment holding, provision of advising on corporate finance services and provision of asset management and consultancy services. Zhongju (Shenzhen) is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Zhongju (Shenzhen) is principally engaged in the provision of finance lease services in the PRC.

Nanchang Rongen is a limited partnership established in the PRC and is principally engaged in business management consulting and market research services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Nanchang Rongen is owned as to approximately 78% by Jiangxi Ruijing Financial Assets Management Company Limited\* (江西瑞京金融資產管理有限公司), the second local asset management company in Jiangxi Province approved by the People’s Government of Jiangxi Province and filed with the former China Banking and Insurance Regulatory Commission, which is owned as to 35% by China Yintai Investment Company Limited\* (中國銀泰投資有限公司) (“**China Yintai**”), 30% by Ganzhou Development Investment Holding Group Limited Liability Company\* (贛州發展投資控股集團有限責任公司) (“**Ganzhou Development**”), 17% by Ganzhou Ruijing Investment Centre (Limited Partnership)\* (贛州瑞京投資中心(有限合夥)), 15% by Global Hengtai Investment Company Limited\* (環球恒泰投資有限公司) and 3% by Dalian Centennial Shopping Centre Company Limited\* (大連百年商城有限公司). China Yintai is ultimately majority owned by Mr. Shen Guojun, and Ganzhou Development is ultimately majority owned by Ganzhou

State-owned Assets Supervision and Administration Commission (贛州市國有資產監督管理委員會).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Nanchang Rongen and its ultimate beneficial owners are Independent Third Parties.

#### **IV. FINANCIAL EFFECT OF THE ASSIGNMENT AND USE OF PROCEEDS**

It is proposed that the proceeds generated from the Assignment, if completed, will be applied to replenish the Group's general working capital.

According to the calculations based on the Transfer Price, the Company expects to record from the Assignment an unaudited profit before taxation of approximately RMB18,870,053 (equivalent to approximately HK\$20,568,358), which is equivalent to the difference between the Transfer Price and the audited net book value (after impairment provision) of the Target Creditors' Rights as at 31 December 2022 of approximately RMB73,129,947 (equivalent to approximately HK\$79,711,642). The actual gain arising from the Assignment to be included in the consolidated statements of profit or loss of the Group for the year ending 31 December 2023 shall be subject to the audit performed by the Company's auditor.

#### **V. REASONS FOR AND BENEFITS OF THE ASSIGNMENT**

The Assignment is aimed at disposing of the Group's non-performing energy assets. Over the years, the Company has endeavoured to recover the overdue sums arising from the Target Creditor's Rights. Whilst the Company has obtained judgment or arbitral awards against the Debtors, the Board considers that the process of recovering the Target Creditor's Rights against the Debtors will be unpredictable, time-consuming and difficult. Currently, the Transfer Price for the Target Creditor's Rights is higher than the net book value (after impairment provision) of the Target Primary Creditor's Rights as at 31 December 2022 (audited) and as at 31 March 2023 (unaudited). Given that the distressed circumstances of the Debtors are expected to deteriorate gradually, the chance and process of the Group in recovering or assigning the Target Creditor's Rights will become very difficult and unpredictable and hence the Board considers that it would be beneficial for the Group to dispose of the Target Creditor's Rights as soon as practicable. In addition, the Assignment of the Target Creditor's Rights by package will be more appealing and efficient than disposal on a standalone basis.

Furthermore, the Assignment will enable the Group to optimize the asset-liability structure and improve the quality of its assets and effectively enhance its risk resistance capacity, which will provide the Group with a solid foundation to realise overall operational stability, further improve its competitiveness and promote sustainable development. The Assignment will also generate additional cash inflow for the Group and bring a beneficial impact on the Group's working capital and liquidity.

In light of the above, the Directors are of the view that the terms of the Assignment 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

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Assignment is more than 5% but less than 25%, the 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 only but is exempt from the circular and the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

**As at the date of this announcement, the Assignment has yet to be completed. The Assignment 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 have the following meanings:

“Assignment”	the assignment of the Target Creditor’s Rights
“Assignment Agreement”	the assignment agreement dated 15 September 2023 entered into between Zhongju (Shenzhen) (as assignor) and Nanchang Rongen (as assignee) in relation to the Assignment
“Benchmark Date”	31 March 2022, being the cut-off date for calculating the principal and interest amount of the Target Primary Creditor’s Rights as determined by Zhongju (Shenzhen) and accepted by Nanchang Rongen pursuant to the Assignment Agreement
“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)

“Completion Date”	has the meaning given to it in the section headed “Assignment Agreement – Completion” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Dealing”	has the meaning given to it in the section headed “Assignment Agreement – Transitional Period” in this announcement
“Debtors”	collectively, Pingshan Lake, Lhasa Fengdian and Lihua Energy
“Directors”	the directors of the Company
“First Potential Assignment”	the potential assignment of the Target Creditor’s Rights by Zhongju (Shenzhen) to Nanchang Rongen at the First Transaction Base Price as disclosed in the announcement of the Company dated 19 September 2022
“First Transaction Base Price”	RMB143,589,494, being the transaction base price for the First Potential Assignment as disclosed in the announcement of the Company dated 19 September 2022
“GFATC”	Guangdong Financial Assets Trading Centre Company Limited* (廣東金融資產交易中心股份有限公司)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Lhasa Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (2) Creditor’s Rights owed by Lhasa Fengdian” in this announcement
“Lhasa Fengdian”	Lhasa Fengdian Photovoltaic Power Generation Company Limited* (拉薩市鋒電光伏發電有限公司), a company established in the PRC with limited liability

“Lhasa Finance Lease”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (2) Creditor’s Rights owed by Lhasa Fengdian” in this announcement
“Lhasa Guarantee Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (2) Creditor’s Rights owed by Lhasa Fengdian” in this announcement
“Lhasa Primary Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (2) Creditor’s Rights owed by Lhasa Fengdian” in this announcement
“Lihua Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (3) Creditor’s Rights owed by Lihua Energy” in this announcement
“Lihua Energy”	Lihua Energy Storage and Transportation Company Limited* (利華能源儲運股份有限公司), a company established in the PRC with limited liability
“Lihua Finance Lease”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (3) Creditor’s Rights owed by Lihua Energy” in this announcement
“Lihua Guarantee Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (3) Creditor’s Rights owed by Lihua Energy” in this announcement
“Lihua Primary Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (3) Creditor’s Rights owed by Lihua Energy” in this announcement
“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
“Nanchang Rongen”	Nanchang Rongen Enterprise Management Centre (Limited Partnership)* (南昌榮恩企業管理中心 (有限合夥)), a limited partnership established in the PRC
“Parties”	collectively, Zhongju (Shenzhen) and Nanchang Rongen
“Pingshan Lake”	Zhangye Pingshan Lake Wind Power Company Limited* (張掖市平山湖風力發電有限公司), a company established in the PRC with limited liability
“Pingshan Lake Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (1) Creditor’s Rights owed by Pingshan Lake” in this announcement
“Pingshan Lake Finance Lease”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (1) Creditor’s Rights owed by Pingshan Lake” in this announcement
“Pingshan Lake Guarantee Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (1) Creditor’s Rights owed by Pingshan Lake” in this announcement
“Pingshan Lake Primary Creditor’s Rights”	has the meaning given to it in the section headed “Assignment Agreement – Subject Matter – (1) Creditor’s Rights owed by Pingshan Lake” 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)
“RMB”	Renminbi, the lawful currency of the PRC

“Second Potential Assignment”	the potential assignment of the Target Creditor’s Rights by Zhongju (Shenzhen) to Nanchang Rongen at the Second Transaction Base Price as disclosed in the announcement of the Company dated 20 October 2022
“Second Transaction Base Price”	RMB114,871,595, being the transaction base price for the Second Potential Assignment as disclosed in the announcement of the Company dated 20 October 2022
“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
“Target Creditor’s Rights”	the creditor’s rights to be assigned by Zhongju (Shenzhen) to Nanchang Rongen as described in the section headed “Assignment Agreement – Subject Matter” in this announcement
“Third Potential Assignment”	the potential assignment of the Target Creditor’s Rights by Zhongju (Shenzhen) to Nanchang Rongen at the Third Transaction Base Price as disclosed in the announcement of the Company dated 29 August 2023
“Third Transaction Base Price”	RMB92,000,000, being the transaction base price for the Third Potential Assignment as disclosed in the announcement of the Company dated 29 August 2023
“Transfer Price”	the price for the assignment of the Target Creditor’s Rights by Zhongju (Shenzhen) to Nanchang Rongen under the Assignment Agreement, being RMB92,000,000 (equivalent to approximately HK\$100,280,000)
“Transitional Period”	the period commencing from the Benchmark Date and ending on the Completion Date

“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 an indirect wholly-owned subsidiary of the Company

“%” per cent

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

Hong Kong, 15 September 2023

*In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB\$1.00 = HK\$1.09. The conversion rate is for illustration purposes only and should not be taken as a representation that RMB could actually be converted into HK\$ 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 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.*

\* *For identification purposes only*