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中國華融資產管理股份有限公司

China Huarong Asset Management Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 2799)

MAJOR TRANSACTION RELEVANT MATTERS ON HUARONG SECURITIES EQUITY TRANSFER

References are made to the announcements dated 29 September 2021, 21 October 2021 and 3 December 2021 and the supplemental circular of 2020 annual general meeting dated 4 October 2021 of the Company in relation to, among other things, the relevant matters on the Company's proposed transfer of 71.99% equity held in Huarong Securities to external parties by way of public listing, and the publication of the Transfer information and relevant documents on the CFAE.

The Board hereby announces that, in relation to the relevant matters on the transfer of 4,204,743,639 shares (71.99% equity) in Huarong Securities made by the Company (the "**Transfer**"), the Company (as the transferor) solicited a potential transferee, China Reform Capital Co., Ltd. ("**China Reform Capital**"), after the end of the listing disclosure period on the CFAE. On 27 January 2022, the Company entered into the State-owned Equity Transaction Contract (the "**Contract**") with an independent third party, China Reform Capital. The consideration of the Transfer is RMB10,932,980,500.

Upon the completion of the Transfer, the Company will cease to have any interest in Huarong Securities, and Huarong Securities will cease to be a subsidiary of the Company nor to be consolidated into the consolidated financial statements of the Group.

As the applicable percentage ratios in respect of the Transfer exceed 25% but are less than 75%, the Transfer constitutes a major transaction of the Company in accordance with Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular of shareholders' general meeting containing, among other things, details of the above resolution, together with the notice of shareholders' general meeting, will be despatched to the Shareholders of the Company in due course.

The Transfer is subject to approval by the CSRC, and may or may not be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Introduction

References are made to the announcements dated 29 September 2021, 21 October 2021 and 3 December 2021 and the supplemental circular of 2020 annual general meeting dated 4 October 2021 of the Company in relation to, among other things, the relevant matters on the Company's proposed transfer of 4,204,743,639 shares (71.99% equity) held in Huarong Securities to external parties by way of public listing, and the publication of the information and relevant documents regarding the Transfer on the CFAE.

The Board hereby announces that, the Company (as the transferor) solicited a potential transferee, China Reform Capital, after the end of the listing disclosure period on the CFAE. On 27 January 2022, the Company entered into the State-owned Equity Transaction Contract with an independent third party, China Reform Capital. The consideration of the Transfer is RMB10,932,980,500.

Main Terms of the Agreement

Date

27 January 2022

Parties

The Company, as the transferor; and

China Reform Capital, as the transferee

To the knowledge, information and belief of the Directors after making all reasonable inquiries, China Reform Capital and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

The Transfer, Consideration and Payment

The Company intends to transfer its 4,204,743,639 shares (71.99% equity) held in Huarong Securities to China Reform Capital, and transfer the Target Shares in the Partnership at the same time. Based on the evaluated value filed, the consideration of the Transfer is RMB10,932,980,500. The Partnership is currently responsible for the management and disposal of certain existing assets of Huarong Securities.

The Company has selected China United Assets as the asset valuation institution, and the asset valuation has been completed and reported to the MOF for record. With 30 September 2021 as the valuation benchmark date, the evaluated value (evaluated through the market approach) of 71.99% of shares in Huarong Securities is RMB10,932,980,500. The Company's initial listing price on the CFAE is the valuation results filed with the MOF. As no auction price incurred during the listing period, the consideration for the Transfer is the listing price, being RMB10,932,980,500.

Upon the effectiveness of the Contract, China Reform Capital will transfer the paid deposits into part of transfer price according to the requirements of the Company and the CFAE. China Reform Capital shall remit the remaining transfer price (excluding the deposits) in one lump sum to the settlement account designated by the CFAE within five business days upon the effectiveness of the Contract, inform the Company of the completion for the fully paid transfer price on the remittance day in written notice and provide the remittance receipt to the Company.

The CFAE shall allot all the transfer price (including the deposits and remaining transfer price) to the bank account designated by the Company within three business days upon receiving the whole transfer price (including the deposits and remaining transfer price) paid by China Reform Capital.

Inheritance and Settlement of Claims and Debts Involved in the Transfer

After China Reform Capital received the transfer target, the original claims and debts of Huarong Securities shall be continuously enjoyed and assumed by Huarong Securities upon the Transfer.

Matters on Handover and Transitional Period

After signing of the Contract, both parties shall actively cooperate to handle necessary approvals, checks and consents for the Transfer, including but not limited to coordinating with Huarong Securities in performing the Transfer and the reporting and approval of the related changes of shareholders and actual controllers of Huarong Securities to the CSRC.

China Reform Capital becomes the shareholder with 71.99% of shares in Huarong Securities since the Closing Date (being the day of paying the remaining transfer price other than the deposits by China Reform Capital according to agreement of the Contract).

Liability for Breach of Contract

Either party of the Contract who fails to fulfill the terms of the Contract shall constitute a breach of contract. The breaching party shall pay the non-breaching party the liquidated damages in accordance with the Contract. If more than 30 days past due, the non-breaching party is entitled to rescind the Contract and require the breaching party to pay the liquidated damages and compensate for losses in accordance with the Contract.

Effectiveness of the Contract

The Contract shall be executed from the date when the legal representatives or authorized representatives of both parties have signed the Contract and affixed the official seal, and become effective upon all the following conditions being met:

- (1) The Transfer has been considered and approved at the shareholders' general meeting of the Company;
- (2) China Reform Capital's acceptance has been approved by the state-owned assets supervision and administration agency of the State Council;

(3) The Transfer and related changes in shareholders and actual controllers of Huarong Securities have been approved by the China securities regulatory institutions.

The Impacts of the Transfer

Upon the completion of the Transfer, the Company will not have any interest in Huarong Securities any longer and Huarong Securities will cease to be a subsidiary of the Company and no longer be consolidated to the consolidated financial statements of the Group. The details on the expected profit and loss recorded in the Transfer will be further announced upon confirmation.

Reasons and Benefits of the Transaction

The Board believes that the Transfer helps the Company to return to its source and core businesses to ensure its sustainable operation and development, which is in compliance with the requirements from regulatory authorities on financial asset management companies of gradual exit from the non-core businesses. The proceeds from the Transfer will be used to replenish the Company's capital and general working capital.

Upon taking account of the above reasons and the Transfer which has been carried out through listing procedures, the Directors believe that the terms of the Transfer have been entered into based on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As the applicable percentage ratios in respect of the Transfer exceed 25% but are less than 75%, the Transfer constitutes a major transaction of the Company in accordance with Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular of shareholders' general meeting containing, among other things, details of the above resolution, together with the notice of shareholders' general meeting, will be despatched to the Shareholders of the Company in due course.

General Information

1. The Company

The Company mainly engages in such businesses as distressed asset management, financial services, and asset management and investment business in China.

2. China Reform Capital

China Reform Capital is a company incorporated in the PRC with limited liability and is principally engaged in equity investment, project investment, investment management, asset management and investment consulting services. The ultimate beneficial owner of China Reform Capital is the SASAC.

3. Huarong Securities

Huarong Securities is a joint stock limited liability company incorporated in the PRC and is principally engaged in securities brokerage, securities investment consulting, financial consulting relating to securities trade and securities investment, securities underwriting and sponsorship, proprietary trading of securities, securities asset management, margin trading and securities lending, proxy sale of financial products and securities investment funds business.

The net assets of Huarong Securities on 30 September 2021, as audited in accordance with China Accounting Standards for Business Enterprises, is approximately RMB10,057,602,500. Set out below are the key financial data of Huarong Securities for the two financial years ended 31 December 2019 and 2020 and the period ended 30 September 2021, which have been prepared in accordance with China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2019 <i>In millions of RMB</i>	For the year ended 31 December 2020 <i>In millions of RMB</i>	For the period ended 30 September 2021 <i>In millions of RMB</i>
Profit before tax	36.08	-8,153.62	90.99
Net profit	46.99	-8,235.45	85.86

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board” or “Board of Directors”	the board of directors of the Company
“CFAE”	Beijing Financial Assets Exchange Co., Ltd.
“China” or “PRC”	the People’s Republic of China
“China Reform Capital”	China Reform Capital Co., Ltd.
“China United Assets”	China United Assets Appraisal Group Co., Ltd., as the asset valuation institution for the Transfer
“Closing Date”	the day of paying the remaining transfer price other than the deposits by China Reform Capital according to agreement of the Contract
“Company”	China Huarong Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“CSRC”	China Securities Regulatory Commission

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Huarong Securities”	Huarong Securities Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOF”	the Ministry of Finance of the People’s Republic of China
“Partnership”	Hangzhou Chongsong Investment Partnership (Limited Partnership) (杭州翀宋投資合夥企業(有限合夥))
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Shareholder(s)”	shareholder(s) of the Company
“Target Shares”	all subordinated shares of the Partnership (equivalent to 36.57% of contribution shares)
“%”	percent

By order of the Board
China Huarong Asset Management Co., Ltd.
WANG Zhanfeng
Chairman

Beijing, the PRC
27 January 2022

As at the date of this announcement, the Board comprises Mr. WANG Zhanfeng, Mr. LIANG Qiang and Mr. WANG Wenjie as executive directors; Ms. ZHAO Jiangping, Mr. ZHENG Jiangping, Mr. XU Nuo and Mr. ZHOU Langlang as non-executive directors; Mr. TSE Hau Yin, Mr. SHAO Jingchun, Mr. ZHU Ning and Ms. CHEN Yuanling as independent non-executive directors.