

# TARGET

## Intelligence Report

VOLUME XXIV No. 59

THURSDAY

March 17, 2022

**CHINA HUIRONG FINANCIAL HOLDINGS LTD:  
THIS IS A VERY SPECIAL COMPANY WITH A VERY SPECIAL FIAT**

China Huirong Financial Holdings Ltd (中國匯融金融控股有限公司) (Code: 1290, Main Board, The Stock Exchange of Hongkong Ltd) cannot be analysed in a similar manner as one would attempt to evaluate a corporate entity with a view to making determinations as one, most likely, would consider approaches to other publicly listed companies whose shares are listed on the premier equity market of The Stock Exchange of Hongkong Ltd.

There is quite a number of reasons for this medium to have come to the above-mentioned conclusions as will be made only too manifest as one scans the following pages of this **TARGET** report.

Upon opening the 2020 Annual Report of this Company, one is met, immediately, by two paragraphs, found at the inside-front cover:

***‘We Are Committed To Being A Leading  
Comprehensive Financing Service Provider In China’***

*‘We are dedicated to providing diversified financial services including pawnshop, microfinance, turnover loan fund, commercial factoring, insurance brokerage and investment services to our customers.*

*‘Our business currently mainly covers Suzhou, Hong Kong, Chengdu, Wuhan and Hefei, and is striving to become a leading service provider of inclusive finance and technology finance in the PRC.’*

At Page Three of the 2020 Annual Report of China Huirong Financial Holdings Ltd, it becomes very apparent that the Net Profit Attributable to Shareholders with regard to the 2020 Financial Year was the lowest of the past five Financial Years.

The following table is copied verbatim from this Page Three:

	For The Financial Year, Ended December 31				
	All Figures Are Denominated In Renminbi (RMB)'000				
	2020	2019	2018	2017	2016
Operation Income	259,806	344,134	330,229	272,353	248,334

(Net) Profit Attributable To Shareholders	<b>2,216</b>	50,429	60,996	50,904	40,078
---	--------------	--------	--------	--------	--------

### **A Short History Of China Huirong Financial Holdings Ltd**

China Huirong Financial Holdings Ltd obtained express permission by the powers that be to list its shares on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about October 28, 2013.

About five months prior to the Company, obtaining permission to have its shares, listed on the Main Board of The Stock Exchange of Hongkong Ltd, it entered into an agreement that came to be named: *'The PRC Shareholders Loan Agreement.'*

At Page 47 of the 2020 Annual Report, one was informed:

#### ***'PRC Shareholders Loan Agreement***

*'On 22 May 2013 Huifang Tongda<sup>1</sup>, PRC Operating Entity, Wuzhong Jiaye<sup>2</sup>, Hengyue Consulting<sup>3</sup> and the PRC Shareholders entered into a loan agreement (the "PRC Shareholders Loan Agreement"), pursuant to which Huifang Tongda agreed to extend interest-free loans equivalent to an amount to be injected as registered capital into the PRC Operating Entity (the "Capital Contribution Amount") to the PRC Shareholders in accordance with the PRC laws and regulations. The PRC Shareholders will contribute the full amount of the Capital Contribution Amount to the registered capital of Wuzhong Jiaye and Hengyue Consulting, which will in turn contribute such loan proceeds to the PRC Operating Entity as registered capital. Under the PRC Shareholders Loan Agreement, Huifang Tongda may request, at any time in its absolute discretion and to the extent permitted by the PRC laws and regulations, the PRC Shareholders to repay the loan (i) by using the capital realized from Huifang Tongda's exercise of its rights under the Exclusive Call Option Agreement to purchase from Wuzhong Jiaye and Hengyue Consulting, the entire equity interests in the PRC Operating Entity and/or all assets of the PRC Operating Entity, followed with a capital reduction of Wuzhong Jiaye and Hengyue Consulting (as well as PRC Operating Entity, as applicable); or (ii) any other means as permitted by applicable PRC laws and regulations.'*

#### **Notes:**

<sup>1</sup> Suzhou Huifang Tongda Management Consulting Company Ltd (蘇州匯方同達管理諮詢有限公司), a limited liability company, incorporated in the PRC on February 10, 2012, is an indirect, wholly owned subsidiary of China Huirong Financial Holdings Ltd. On December 11, 2013, the name of Suzhou Huifang Tongda Management Consulting Company Ltd (蘇州匯方同達管理諮詢有限公司) was changed to Suzhou Huifang Tongda Information Technology Company Ltd (蘇州匯方同達信息科技有限公司) upon the approval from the Administration for Industry and Commercial of Wuzhong, Suzhou, the PRC.

- <sup>2</sup> Jiangsu Wuzhong Jiaye Group Company Ltd (江蘇吳中嘉業集團有限公司), a limited liability company, incorporated in the PRC on April 25, 2005, formerly known as Jiangsu Wuzhong Jiaye Investment Company Ltd (江蘇吳中嘉業投資有限公司), is one of the direct shareholders of the PRC Operating Entity.
- <sup>3</sup> Suzhou Xinqu Hengyue Management Consulting Company Ltd (蘇州新區恒悅管理諮詢有限公司), a limited liability company, incorporated in PRC on October 22, 2007, is one of the direct shareholders of the PRC Operating Entity.
- <sup>4</sup> ‘**PRC Operating Entity**’ is in reference to Suzhou Wuzhong Pawnshop Company Ltd (蘇州市吳中典當有限責任公司), a limited liability company, incorporated in the PRC on December 21, 1999. It was formerly known as Wuxian Wuzhong Pawnshop Company Ltd (吳縣市吳中典當行有限公司), a company which China Huirong Financial Holdings Ltd does not own, but the financial results of which have been consolidated and accounted for as a subsidiary of China Huirong Financial Holdings Ltd by virtue of Contractual Arrangements.

China Huirong Financial Holdings Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*