

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Huarong Investment Stock Corporation Limited.



華融投資股份有限公司

HUARONG INVESTMENT STOCK CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(formerly known as Chun Sing Engineering Holdings Limited

震昇工程控股有限公司)

(Stock Code: 2277)

Right Select International Limited

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

- (1) CONNECTED TRANSACTION - PROPOSED SUBSCRIPTION OF THE SUBSCRIPTION SHARES BY THE SUBSCRIBER;**
- (2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER BY CCB INTERNATIONAL ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT); AND**
- (3) RESUMPTION OF TRADING**

Financial Adviser to the Offeror



建銀國際
CCB International

Independent Financial Adviser to the Independent Board Committee, the LR Independent Shareholders and the TC Independent Shareholders

ALTUS CAPITAL LIMITED

CONNECTED TRANSACTION - THE SUBSCRIPTION AGREEMENT

Pursuant to the Subscription Agreement dated 6 January 2017, the Subscriber, a substantial Shareholder, has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 580,000,000 Subscription Shares in cash at a Subscription Price of HK\$0.40 per Subscription Share. The Subscription Shares represent (i) approximately 46.93% of the existing issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 31.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription are estimated to be approximately HK\$230.81 million which will be used as set out under the paragraph headed “Reasons for the benefits of the Subscription and use of proceeds” below. The Subscription Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Conditions precedent” below.

As at the date of this joint announcement, the Subscriber is interested in 346,000,000 Shares, representing approximately 27.99% of the entire issued share capital of the Company as at the date of this joint announcement, and the Subscriber is a substantial Shareholder. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and LR Independent Shareholders’ approval requirements pursuant to the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung, has been established to advise the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder.

The Subscription Shares will be allotted and issued pursuant to a specific mandate to be sought from the LR Independent Shareholders at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate for the allotment and issue of the Subscription Shares. In accordance with the Listing Rules, the Subscriber will be required to abstain from voting on the resolution(s) in respect of the Subscription at the EGM.

A circular containing, among other matters, (i) further information on the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM is expected to be despatched to the Shareholders on or before 6 February 2017.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to the entering into of the Subscription Agreement, the Offeror, is interested in 346,000,000 Shares, representing approximately 27.99% of the entire issued share capital of the Company as at the date of this joint announcement. Immediately after Completion, the Offeror and the parties acting in concert with it will be interested in 926,000,000 Shares, representing approximately 50.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, when made, will be unconditional in all respects.

CCB International will, on behalf of the Offeror, make the Offer in accordance with the Takeovers Code on the following terms:

For every Offer Share accepted under the Offer HK\$1.31 in cash

As at the date of this joint announcement, there are 1,236,000,000 Shares in issue. The Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

As at the date of this joint announcement, (a) Finest Elite holds 200,080,000 Shares, representing approximately 16.19% of the entire issued share capital of the Company as at the date of this joint announcement; and (b) Mr. Yeung Chun Wai Anthony, through Finest Elite which is owned and controlled by him, is interested in 200,080,000 Shares, representing approximately 16.19% of the entire issued share capital of the Company as at the date of this joint announcement. As set out in the paragraph headed “Undertakings not to accept the Offer” below, Finest Elite has irrevocably undertaken to the Offeror that it will not, and Mr. Yeung Chun Wai Anthony has irrevocably undertaken to the Offeror that he will procure Finest Elite not to (i) accept the Offer in respect of the Excluded Shares held or controlled by them; or (ii) transfer or sell any Excluded Shares held or controlled before the close of the Offer.

As the Offeror and the parties acting in concert with it will own 926,000,000 Shares immediately after Completion and assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, 689,920,000 Shares will be subject to the Offer (excluding the Excluded Shares) and the total consideration of the Offer would be approximately HK\$903,795,200 based on the Offer Price and on the basis of full acceptance of the Offer.

The principal terms of the Offer are set out under the section headed “Possible Unconditional Mandatory Cash Offer” below.

CCB International has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

GENERAL

As Mr. Wu Qinghua, the only non-executive Director, is currently the Assistant General Manager of the Subsidiary Management Department of Huarong Asset Management, he is considered to have a material interest in the Offer. The Independent Board Committee, comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung, has been established to make a recommendation to the TC Independent Shareholders in respect of the Offer pursuant to Rule 2.1 of the Takeovers Code.

Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Altus Capital has been approved by the Independent Board Committee.

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular in the Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, among other matters, (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the TC Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such other date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code. As the making of the Offer is conditional on Completion, an application will be made to seek the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to be within seven days after Completion.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 9 January 2017 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 January 2017.

WARNING

The Offer is a possibility only. Shareholders and potential investors should be aware and take note that the Subscription Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed "Conditions precedent" below and the Offer is subject to Completion. Accordingly, the Subscription may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the securities of the Company during the Offer Period, and if they are in any doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION AGREEMENT

On 6 January 2017, the Subscriber and the Company entered into the Subscription Agreement. The principal terms of the Subscription Agreement are summarised below.

Date

6 January 2017

Parties

Issuer: The Company

Subscriber: Right Select International Limited, which is an investment holding company incorporated in the BVI and is a direct wholly-owned subsidiary of Huarong International, which is an indirect wholly-owned subsidiary of Huarong Asset Management

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 580,000,000 Subscription Shares in cash at a Subscription Price of HK\$0.40 per Subscription Share.

The aggregate of 580,000,000 Subscription Shares, represent (i) approximately 46.93% of the existing issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 31.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of 580,000,000 Subscription Shares is HK\$5,800,000.

The Subscription Shares, when allotted and issued, will rank equally in all respects with each other and the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company, the record date for which shall fall on or after the date of allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to a specific mandate to be sought from the LR Independent Shareholders at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.40 per Subscription Share represents:

- (i) a discount of approximately 73.15% to the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 73.33% to the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.50 per Share;
- (iii) a discount of approximately 73.86% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$1.53 per Share;
- (iv) a premium of approximately 14.94% over the unaudited consolidated net asset value per Share of approximately HK\$0.348 as at 30 September 2016, calculated based on the Group's unaudited consolidated net assets of approximately HK\$430,428,000 as at 30 September 2016 and 1,236,000,000 Shares in issue as at the date of this joint announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and with reference to, among other factors, (i) that the market price of the Shares was only approximately HK\$1.20 in early May 2016, and it was spiked up significantly only after the Offeror becomes the substantial Shareholder which, the Directors believe may be due to a speculation of the fame and brand name of the Offeror's ultimate parent company by the market; (ii) the latest published unaudited consolidated net asset value per Share of the Company; (iii) the capital needs and financial performance of the Company; (iv) the relatively high debt-to-assets ratio of the Group, which was approximately 87.13% as at 30 September 2016 according to the interim report of the Company for the six months ended 30 September 2016; (v) the relatively high price-to-earnings ratio of the Group which was approximately 42.3 times as at the Last Trading Day with reference to the Company's net profit for the year ended 31 March 2016; (vi) given the high debt-to-assets ratio and high price-to-earnings ratio, the difficulty for the Company to conduct debt financing or other fund raising activities in the market at reasonable terms and conditions; and (vii) a major portion of the loans of the Group was borrowed from Huarong International, the holding company of the Offeror, on better terms than that can be obtained from the market (including preferential interest rate and longer repayment term) as an act of support from Huarong International to the Group.

Conditions precedent

Completion is conditional upon fulfilment of the following conditions precedent:

- (a) the warranties given by the Company remaining true and accurate and not misleading in all material respects as given as at the date of the Subscription Agreement and as at Completion by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Completion Date respectively;
- (b) (i) the current listing of the Shares not having been withdrawn; (ii) the Shares continuing to be traded on the Stock Exchange prior to the Completion Date (save for any temporary suspension for no longer than fifteen (15) consecutive trading days or such other period as the Subscriber may agree in writing or the temporary suspension in connection with transactions contemplated under the Subscription Agreement); and (iii) neither the Stock Exchange nor the SFC having indicated before the Completion Date that it will object to such continued listing for reasons related to or arising from the transactions contemplated under the Subscription Agreement;
- (c) the passing by the LR Independent Shareholders of such resolutions as may be necessary approving the Subscription Agreement and the issue and allotment of Subscription Shares in accordance with the Listing Rules and the Takeovers Code, the articles of association of the Company and as required by applicable laws (as the case may be), and the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares; and
- (d) all licences, registrations and approvals granted and issued to the relevant companies of the Group under the applicable laws for carrying on the business of the Group remaining valid and effective and having not been revoked by the relevant authorities.

The Subscriber may, at its absolute discretion, waive all the conditions above (other than the condition in paragraph (c) which cannot be waived).

If any of the conditions set out above is not fulfilled (or, where applicable, waived) on or before 31 March 2017 (or such later date as may be agreed between the Subscriber and the Company in writing), the Subscription Agreement shall cease and determine, and neither party shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions thereof.

Completion

Subject to the conditions of the Subscription Agreement being fulfilled or, as the case may be, waived by the Subscriber, completion of the Subscription Agreement will take place on the Completion Date.

Reasons for the Subscription and use of proceeds

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Stock Exchange since 29 December 2014. The Company acts as an investment holding company and the principal activities of the Group are provision of foundation and substructure construction service; provision of finance lease and related service, direct investment in equities, bonds, funds, derivative instruments and other financial products and provision of money lending services.

The Subscriber, is interested in 346,000,000 Shares, representing approximately 27.99% of the entire issued share capital of the Company as at the date of this joint announcement. Immediately after Completion, the Offeror and the parties acting in concert with it will be interested in 926,000,000 Shares, representing approximately 50.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. As Huarong Asset Management, the ultimate parent company of the Offeror, has extensive experience and a strong brand name in the area of financial business, the Directors believe that the increase in shareholding by the Offeror in the Company would enhance the Company's brand awareness and competitiveness in the finance industry and the Company would also be able to leverage on the network and edges of Huarong Asset Management in order to expand its operation in the business segment of finance lease and direct investment. Reference is also made to the discloseable transaction announcements of the Company dated 8 September 2016, 13 September 2016, 23 September 2016, 11 October 2016, 19 October 2016, 25 October 2016, 31 October 2016, 9 November 2016, 18 November 2016, 23 November 2016, 24 November 2016, 1 December 2016, 8 December 2016, 30 December 2016, 4 January 2017, 5 January 2017 and 6 January 2017 in relation to transactions of the Group relating to (i) fund subscription; (ii) finance lease; (iii) shares and convertible bonds subscription; and (iv) notes subscription. It is expected that the Company will require more financial resources to maintain and expand such business segment.

The gross proceeds of the Subscription will amount to HK\$232 million. The net proceeds of the subscription are estimated to be approximately HK\$230.81 million, and as such, the net price of each Subscription Share is approximately HK\$0.398. It is intended that 20% of the net proceeds will be used as working capital of the Group and the remaining net proceeds will be used to enhance the financial position of the Group for financing of its future potential projects.

Among the possible fund raising alternatives available to the Company, the Board considers the Subscription is the most appropriate fund raising method and beneficial to the Company as the Board considers that with the high debt-to-assets ratio and high price-to-earnings ratio of the Group, it is not likely for the Group to obtain debt financing, bank borrowings or issue of bonds with terms more favourable than those of the current loans of the Group from Huarong International or conduct other equity fund raising (including rights issue, open offer or placing to independent third parties) at the same size as the Subscription within a shorter period of time.

The Directors are of the view that the Subscription will provide an opportunity to raise additional funds to further strengthen the financial position and capital base of the Group to facilitate its future growth and development. The Directors are of the view that the terms of the Subscription Agreement are fair and reasonable based on the current market conditions and the Subscription is in the interests of the Company and the Shareholders as a whole.

Fund raising activities during the past 12 months

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds
13 May 2016	Placing of 206,000,000 new Shares under general mandate	HK\$180.62 million	<ul style="list-style-type: none"> (i) injection into the paid-in capital of a company established in the PRC which is principally engaged in financial leasing business; (ii) additional general working capital of the Group; and (iii) funding future investment opportunities and the relevant working capital needs for business development 	All proceeds were used to invest in a few projects in relation to the business segment of finance lease and direct investment

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of this joint announcement.

Implications under the Listing Rules

As at the date of this joint announcement, the Subscriber is interested in 346,000,000 Shares, representing approximately 27.99% of the entire issued share capital of the Company as at the date of this joint announcement, and the Subscriber is a substantial Shareholder. As such, the Subscriber is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the Subscription constitutes a connected transaction for the Company under the Chapter 14A of the Listing Rules and is subject to the announcement, reporting and LR Independent Shareholders' approval requirements pursuant to the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung, has been established to advise the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate for the allotment and issue of the Subscription Shares. In accordance with the Listing Rules, the Subscriber will be required to abstain from voting on the resolution(s) in respect of the Subscription at the EGM.

A circular containing, among other matters, (i) further information on the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the LR Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 6 February 2017.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to the entering into of the Subscription Agreement, the Offeror, is interested in 346,000,000 Shares, representing approximately 27.99% of the entire issued share capital of the Company as at the date of this joint announcement. Immediately after Completion, the Offeror and the parties acting in concert with it will be interested in 926,000,000 Shares, representing approximately 50.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

As at the date of this joint announcement, there are 1,236,000,000 Shares in issue. The Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, when made, will be unconditional in all respects.

Principal terms of the Offer

CCB International will, on behalf of the Offeror, make the Offer in accordance with the Takeovers Code on the following terms:

For every Offer Share accepted under the Offer HK\$1.31 in cash

The Offer Price of HK\$1.31 per Offer Share is equivalent to the highest price per Share paid by the Offeror in acquiring the Shares within six months prior to the date of this announcement.

The Offer will be extended to all TC Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Undertakings not to accept the Offer

As at the date of this joint announcement, (a) Finest Elite holds 200,080,000 Shares, representing approximately 16.19% of the entire issued share capital of the Company as at the date of this joint announcement; and (b) Mr. Yeung Chun Wai Anthony, through Finest Elite which is owned and controlled by him, is interested in 200,080,000 Shares, representing approximately 16.19% of the entire issued share capital of the Company as at the date of this joint announcement.

Finest Elite has irrevocably undertaken to the Offeror that it will not, and Mr. Yeung Chun Wai Anthony has irrevocably undertaken to the Offeror that he will procure Finest Elite not to (i) accept the Offer in respect of the Excluded Shares held or controlled by them; or (ii) transfer or sell any Excluded Shares held or controlled before the close of the Offer.

Comparison of value

The Offer Price of HK\$1.31 represents:

- (i) a discount of approximately 12.08% to the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 12.67% to the average closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.50 per Share;
- (iii) a discount of approximately 14.38% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$1.53 per Share;
- (iv) a premium of approximately 276.44% over the unaudited consolidated net asset value per Share of approximately HK\$0.348 as at 30 September 2016, calculated based on the Group's unaudited consolidated net assets of approximately HK\$430,428,000 as at 30 September 2016 and the 1,236,000,000 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the date of this joint announcement up to and including the Last Trading Day were HK\$2.12 per Share (on 13 July 2016) and HK\$1.43 per Share (on 17 August 2016) respectively.

Value of the Offer

As the Offeror and the parties acting in concert with it will own 926,000,000 Shares immediately after Completion and assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, 689,920,000 Shares will be subject to the Offer (excluding the Excluded Shares) and the total consideration of the Offer would be approximately HK\$903,795,200 based on the Offer Price and on the basis of full acceptance of the Offer.

Financial resources available to the Offeror

The financial resources required from the Offeror to satisfy the total consideration of the Offer amount are approximately HK\$903,795,200. The Offeror intends to finance the total consideration for the Offer by internal resources.

CCB International has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as practicable but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Effect of accepting the Offer

By accepting the Offer, the TC Independent Shareholders will sell their Shares free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document. Acceptance of the Offer by any TC Independent Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all liens, charges, encumbrances, right of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by relevant TC Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant TC Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant TC Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 111 of the Laws of Hong Kong).

Taxation advice

The TC Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, CCB International and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction).

As at the date of this joint announcement, there were no Overseas Shareholders.

Any acceptance by any TC Independent Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with. The TC Independent Shareholders should consult their professional advisers if in doubt.

Dealings and interests in securities of the Company

None of the Offeror nor parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the date of this joint announcement, save for the Subscription and the following transaction:

Relevant party	Date	Purchase/sale	Number of Shares	Price per Share
Right Select International Limited	20 July 2016	Purchase	106,000,000	HK\$1.31

As at the date of this joint announcement, save for the 346,000,000 Shares held by Offeror, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them (i) owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company; or (ii) has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company.

Other arrangements

As at the date of this joint announcement, the Offeror confirms that:

- (i) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (ii) save for the Subscription Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer; and

(iv) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent.

The TC Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the TC Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the TC Independent Shareholders are concerned and its acceptance, before deciding whether or not to accept the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately before Completion and as at the date of this joint announcement; and (ii) immediately following Completion:

Shareholders	Immediately before Completion and as at the date of this joint announcement		Immediately following Completion	
	Number of Shares <i>(Note 1)</i>	Approximate % of issued Shares <i>(Note 1)</i>	Number of Shares	Approximate % of issued Shares
Offeror and parties acting concert with it	346,000,000	27.99%	926,000,000	50.99%
Finest Elite <i>(Note 2)</i>	200,080,000	16.19%	200,080,000	11.02%
Public Shareholders	<u>689,920,000</u>	<u>55.82%</u>	<u>689,920,000</u>	<u>37.99%</u>
Total	<u>1,236,000,000</u>	<u>100.00%</u>	<u>1,816,000,000</u>	<u>100.00%</u>

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. Finest Elite is owned as to 100% by Mr. Yeung Chun Wai Anthony. Each of Mr. Yeung Chun Wai Anthony and his spouse, Ms. Lui Lai Yan, is deemed to be interested in the 200,080,000 Shares held by Finest Elite under the SFO.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Huarong International, which is an indirect wholly-owned subsidiary of Huarong Asset Management, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2799). Ministry of Finance of the PRC is the ultimate controlling shareholder of the Offeror and Huarong Asset Management is the ultimate parent company of the Offeror.

Huarong International is an investment holding company incorporated in Hong Kong. Huarong International, together with its subsidiaries, is principally engaged in debt, equity and mezzanine capital investment and financing business. Huarong International uses overseas funds to build cross-border financing channels in order to facilitate movement of domestic and overseas funds and businesses. In the meantime, Huarong International also conducts studies on overseas markets so that it may choose opportunities to get involved in overseas project investments and work towards conducting globalised asset management business.

Huarong Asset Management, together with its subsidiaries, is principally engaged in distressed asset management, financial services, and asset management and investment. Huarong Asset Management has its geographic coverage across 30 provinces, autonomous regions and municipalities in China as well as in Hong Kong. In 2015, Huarong Asset Management was awarded the “Best Corporate Social Responsibility Practice of 2014” by the China Banking Association, “2015 Top 500 Asian Brands” and “2015 Top 50 Chinese Brands” at the 10th Asian Brand Ceremony, and “AAA-level Credit Enterprise in China” by the China Enterprise Credit Evaluation Center. Huarong Asset Management has also become the state-owned asset management company with the largest market capitalisation in China in 2015.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Stock Exchange since 29 December 2014. The Company acts as an investment holding company and the principal activities of the Group are provision of foundation and substructure construction service; provision of finance lease and related service, direct investment in equities, bonds, funds, derivative instruments and other financial products and provision of money lending services.

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2015 and 31 March 2016 and for the six months ended 30 September 2016.

	Year ended 31 March 2015	Year ended 31 March 2016	Six months ended 30 September 2016
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	808,083	791,664	326,880
Profit before taxation	81,930	52,085	25,975
Profit after taxation attributable to owners of the Company	65,771	43,536	20,908

The unaudited net assets value attributable to owners of the Company as at 30 September 2016 was approximately HK\$430,428,000.

OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets, business acquisitions and/or investment by the Group will be appropriate in order to enhance its growth. As at the date of this joint announcement, the Offeror has no intention or concrete plans for any acquisition or disposal of assets and/or business by the Group and has no intention to (i) discontinue the employment of any employees of the Group or change the composition of the Board; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

GENERAL

Independent Board Committee and the Independent Financial Adviser

As Mr. Wu Qinghua, the only non-executive Director, is currently the Assistant General Manager of the Subsidiary Management Department of Huarong Asset Management, he was considered to have a material interest in the Offer. The Independent Board Committee, comprising all the independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung, has been established to make a recommendation (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer.

Altus Capital has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer and in particular (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer. The appointment of Altus Capital has been approved by the Independent Board Committee.

Despatch of the offer document

It is the intention of the Offeror and the Company to combine the offer document with the Board circular from the Company in the Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, among other matters, (i) details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the TC Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant forms of acceptance and transfer, is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such other date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code. As the making of the Offer is conditional on Completion, an application will be made to seek the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to be within seven days after Completion.

Further announcement(s) regarding the despatch of the Composite Document will be made in due course. The TC Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee, and the recommendation from the Independent Board Committee to the TC Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

Dealing disclosures

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code and including persons holding 5% or more of any relevant securities) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 9 January 2017 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 January 2017.

WARNING

The Offer is a possibility only. Shareholders and potential investors should be aware and take note that the Subscription Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Conditions precedent” above and the Offer is subject to completion of the Subscription Agreement. Accordingly, the Subscription may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company during the Offer Period, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associates”	has the meaning ascribed to it under the Takeovers Code or the Listing Rules (as appropriate)
“Board”	the board of Directors from time to time
“Business Day”	the day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCB International”	CCB International Capital Limited, a corporation licensed to carry out type 1, type 4 and type 6 regulated activities under the SFO and the financial adviser to the Offeror
“Company”	Huarong Investment Stock Corporation Limited, formerly known as Chun Sing Engineering Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2277)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement

“Completion Date”	the fifth Business Day after the date on which the conditions of the Subscription Agreement are fulfilled or, as the case may be, waived by the Subscriber
“Composite Document”	the formal composite offer document proposed to be jointly issued by the Offeror and the Company to the TC Independent Shareholders in connection with the Offer and in accordance with the Takeovers Code
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Directors”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened for the purpose of approving, amongst other matters, the Subscription and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares or any adjournment thereof
“Excluded Shares”	200,080,000 Shares, representing approximately 16.19% of the entire issued share capital of the Company as at the date of this joint announcement, held by Finest Elite, which is owned as to 100% by Mr. Yeung Chun Wai Anthony
“Executive”	the executive director of the Corporate Finance Division of the SFC or any of his delegates
“Finest Elite”	Finest Elite Holdings Limited, a company incorporated in the BVI with limited liability which is owned as to 100% by Mr. Yeung Chun Wai Anthony, an executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huarong International”	China Huarong International Holdings Limited, a company incorporated with limited liability in Hong Kong and an indirect wholly-owned subsidiary of Huarong Asset Management

“Huarong Asset Management”	China Huarong Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2799)
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung, has been established to (a) advise the LR Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder; and (b) advise the TC Independent Shareholders (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer
“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a licensed corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to (a) advise the Independent Board Committee and the LR Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder; and (b) advise the Independent Board Committee (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer
“LR Independent Shareholders”	Shareholders other than those who have a material interest in the Subscription Agreement and the transactions contemplated thereunder
“Last Trading Day”	6 January 2017, being the last full trading day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Offer”	the unconditional mandatory cash offer to be made by CCB International on behalf of the Offeror, for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the Composite Document
“Offer Period”	the period commencing from the date of this joint announcement until the latest of: (i) the date when the Offer closed for acceptance; (ii) the date when the Offer lapses; (iii) the time when the Offeror announces that the Offer will not proceed; and (iv) the date when an announcement is made by the Offeror of the withdrawal of the Offer
“Offer Price”	the price at which the Offer will be made, being HK\$1.31 per Offer Share
“Offer Share(s)”	issued Share(s), other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror” or “Subscriber”	Right Select International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Huarong International
“Overseas Shareholder(s)”	TC Independent Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Subscriber, and the allotment and issue by the Company of, the Subscription Shares subject to and under the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 6 January 2017 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.40 per Subscription Shares
“Subscription Share(s)”	580,000,000 Shares which the Subscriber will subscribe for and the Company will allot and issue under the Subscription in accordance with the terms and conditions of the Subscription Agreement
“substantial Shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“TC Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Trading Day”	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
“%”	per cent.

By order of the Board
**Huarong Investment Stock
Corporation Limited**
Qin Ling
Chairman

By order of the board of directors
Right Select International Limited
Zhang Fan
Director

Hong Kong, 12 January 2017

As at the date of this joint announcement, the executive Directors are Mr. Qin Ling; Mr. Yeung Chun Wai Anthony, Mr. Xu Xiaowu, Mr. Kwan Wai Ming, Mr. Tian Ren Can and Ms. Lin Changhua; the non-executive Director is Mr. Wu Qinghua; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Mr. Wu Tak Lung.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their

knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this announcement, the directors of the Offeror are Mr. Zhang Fan and Mr. Gong Zongfan.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.