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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 IN RELATION TO FORMATION OF INVESTMENT FUNDS**

### **FORMATION OF INVESTMENT FUNDS**

On 14 May 2017, (i) Subsidiary 1, as first-tier limited partner, entered into the First Limited Partnership Agreement with Investor 1, as second-tier limited partner, General Partner 1, as general partner, and the Initial Limited Partner in relation to the formation of Fund 1 and (ii) Subsidiary 2, as first-tier limited partner, entered into the Second Limited Partnership Agreement with Investor 2, as second-tier limited partner, General Partner 2, as general partner, and the Initial Limited Partner in relation to the formation of Fund 2. Pursuant to the Limited Partnership Agreements, each of the Funds will have a duration of three years and subject to up to two additional two-year extensions, each extension as determined by the consent of the partners of the respective Fund. The Subsidiaries are each responsible for a cash contribution of HK\$780,000,000 (equivalent to approximately US\$100,000,000) per Fund, representing 78% of the fund size of the respective Fund. The purpose of Fund 1 is to make investments in equity, equity-related investments, fixed income securities, debt instruments and loans in connection with energy, mining or agricultural businesses, or infrastructure relating to any of the foregoing. The purpose of Fund 2 is to make investments in fixed income securities, debt instruments and loans, including without limitation loans, convertible bonds, fixed income securities, money market, convertible securities.

### **PROVISION OF TERM LOAN FACILITY**

On 7 April 2017, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, a wholly-owned subsidiary of China HKBridge, pursuant to which the Lender agreed to provide a loan to the Borrower in the total principal amount of HK\$450,000,000 repayable on the Repayment Date.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Formation of Funds when aggregated with the provision of the Loan exceed(s) 5% but are less than 25%, the Formation of Funds, and the provision of the Loan constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## FORMATION OF INVESTMENT FUNDS

On 14 May 2017, (i) Subsidiary 1, as first-tier limited partner, entered into the First Limited Partnership Agreement with Investor 1, as second-tier limited partner, General Partner 1, as general partner, and the Initial Limited Partner in relation to the formation of Fund 1 and (ii) Subsidiary 2, as first-tier limited partner, entered into the Second Limited Partnership Agreement with Investor 2, as second-tier limited partner, General Partner 2, as general partner, and the Initial Limited Partner in relation to the formation of Fund 2. Pursuant to the Limited Partnership Agreements, each of the Funds will have a duration of three years and subject to up to two additional two-year extensions, each extension as determined by the consent of the partners of the respective Fund. The Subsidiaries are each responsible for a cash contribution of HK\$780,000,000 per Fund (equivalent to approximately US\$100,000,000), representing 78% of the fund size of the respective Fund. The purpose of Fund 1 is to make investments in equity, equity-related investments, fixed income securities, debt instruments and loans in connection with energy, mining or agricultural businesses, or infrastructure relating to any of the foregoing. The purpose of Fund 2 is to make investments in fixed income securities, debt instruments and loans, including without limitation loans, convertible bonds, fixed income securities, money market, convertible securities.

### First Limited Partnership Agreement

The principal terms of the First Limited Partnership Agreement are set out below:

<b>Date</b>	:	14 May 2017															
<b>Name of Fund 1</b>	:	Hong Kong Bridge One Belt One Road Natural Resource Fund L.P.															
<b>Partners of Fund 1</b>	:	General Partner 1, as general partner; Subsidiary 1, as first-tier limited partner; Investor 1, as second-tier limited partner.															
<b>Duration of Fund 1</b>	:	Three years from the Initial Closing Date subject to up to two additional two-year extensions, each extension as determined by the consent of all of the partners of Fund 1.															
<b>Investors of Fund 1 and their respective capital contribution</b>	:	<table><thead><tr><th></th><th><b>Capital contribution amount</b> <i>(no more than HK\$(million))</i></th><th><b>Percentage</b> <i>(%)</i></th></tr></thead><tbody><tr><td>General Partner 1</td><td><i>(Note)</i></td><td><i>(Note)</i></td></tr><tr><td>Subsidiary 1</td><td>780</td><td>78</td></tr><tr><td>Investor 1</td><td><u>220</u></td><td><u>22</u></td></tr><tr><td></td><td><u>1,000</u></td><td><u>100</u></td></tr></tbody></table>		<b>Capital contribution amount</b> <i>(no more than HK\$(million))</i>	<b>Percentage</b> <i>(%)</i>	General Partner 1	<i>(Note)</i>	<i>(Note)</i>	Subsidiary 1	780	78	Investor 1	<u>220</u>	<u>22</u>		<u>1,000</u>	<u>100</u>
	<b>Capital contribution amount</b> <i>(no more than HK\$(million))</i>	<b>Percentage</b> <i>(%)</i>															
General Partner 1	<i>(Note)</i>	<i>(Note)</i>															
Subsidiary 1	780	78															
Investor 1	<u>220</u>	<u>22</u>															
	<u>1,000</u>	<u>100</u>															

*Note:* The capital contribution of General Partner 1 shall be a nominal amount of HK\$1.00.

- Size of Fund 1** : The initial fund size of Fund 1 in the amount of HK\$1,000 million is determined after arm's length negotiation and capital contribution of each investor is based on its corresponding commitment.
- The Company will finance the capital contribution to be made by Subsidiary 1 to Fund 1 through internal resources.
- Investment Focus** : The purpose of Fund 1 is to make investments in equity, equity-related investments, fixed income securities, debt instruments and loans in connection with energy, mining or agricultural businesses, or infrastructure relating to any of the foregoing.
- Preferred Return** : Subsidiary 1, being the first-tier limited partner, is entitled to a return equal to 6% per annum of its aggregate capital contribution, which shall be payable semi-annually commencing from the date of the First Limited Partnership Agreement.
- Distribution** : In the event of distribution, dissolution and winding-up of Fund 1, the preferred return and capital contribution of Subsidiary 1 shall have preference over those of Investor 1 and General Partner 1. In the event that Subsidiary 1 has not received the preferred returns, Investor 1 shall make an additional contribution to Fund 1 such that Subsidiary 1 shall receive the preferred return.
- Withdrawal** : No limited partner, other than Subsidiary 1 under the occurrence of the events detailed below, without the prior written approval of General Partner 1 shall have any right (a) to withdraw as a limited partner from Fund 1, (b) to withdraw from Fund 1 all or any part of such limited partner's capital contributions. Upon the occurrence of any loss in Fund 1 in excess of 20% of the aggregate capital contributions of the partners to fund 1, or a material adverse change in Fund 1 that would expect to cause an investment loss in excess of 20% of the aggregate initial capital contributions of the partners to Fund 1, Subsidiary 1 shall have the right to withdraw all or any part of its capital contributions by giving not less than two-months prior written notice to General Partner 1.
- Restriction on transfer** : The limited partners of Fund 1 are generally not permitted to transfer all or any part of its interests unless with prior written consent of General Partner 1.

**Investment Manager** : General Partner 1 may engage an investment manager to provide management services in connection with Fund 1's assets, subject to the overall supervision and control of General Partner 1, provided that the remuneration of the investment manager engaged by General Partner 1 for and on behalf of itself or Fund 1 shall be borne by General Partner 1 out of its own assets.

## Second Limited Partnership Agreement

The principal terms of the Second Limited Partnership Agreement are set out below:

**Date** : 14 May 2017

**Name of Fund 2** : Hong Kong Bridge One Belt One Road Fixed Income Fund L.P.

**Partners of Fund 2** : General Partner 2, as general partner;  
Subsidiary 2, as first-tier limited partner;  
Investor 2, as second-tier limited partner.

**Duration of Fund 2** : Three years from the Initial Closing Date subject to up to two additional two-year extensions, each extension as determined by the consent of all of the partners of Fund 2.

<b>Investors of Fund 2 and their respective capital contribution</b>	<b>Capital contribution amount</b> <i>(no more than HK\$(million))</i>	<b>Percentage</b>  <i>(%)</i>
General Partner 2	<i>(Note)</i>	<i>(Note)</i>
Subsidiary 2	780	78
Investor 2	<u>220</u>	<u>22</u>
	<u><u>1,000</u></u>	<u><u>100</u></u>

*Note:* The capital contribution of General Partner 2 shall be a nominal amount of HK\$1.00.

**Size of Fund 2** : The initial size of Fund 2 in the amount of HK\$1,000 million is determined after arm's length negotiation and capital contribution of each investor is based on its corresponding commitment.

The Company will finance the capital contribution to be made by Subsidiary 2 to Fund 2 through internal resources.

- Investment Focus** : The purpose of Fund 2 is to make investments in fixed income securities, debt instruments and loans, including without limitation loans, convertible bonds, fixed income securities, money market, convertible securities.
- Preferred Return** : Subsidiary 2, being the first-tier limited partner, is entitled to a return equal to 6% per annum of its aggregate capital contribution, which shall be payable semi-annually commencing from the date of the Second Limited Partnership Agreement.
- Distribution** : In the event of distribution, dissolution and winding-up of Fund 2, the preferred return and capital contribution of Subsidiary 2 shall have preference over those of Investor 2 and General Partner 2. In the event that Subsidiary 2 has not received the preferred returns, Investor 2 shall make an additional contribution to Fund 2 such that Subsidiary 2 shall receive the preferred return.
- Withdrawal** : No limited partner, other than Subsidiary 2 under the occurrence of the events detailed below, without the prior written approval of General Partner 2 shall have any right (a) to withdraw as a limited partner from Fund 2, (b) to withdraw from Fund 2 all or any part of such limited partner's capital contributions. Upon the occurrence of any loss in Fund 2 in excess of 20% of the aggregate capital contributions of the partners to Fund 2, or a material adverse change in Fund 2 that would expect to cause an investment loss in excess of 20% of the aggregate initial capital contributions of the partners to Fund 2, Subsidiary 2 shall have the right to withdraw all or any part of its capital contributions by giving not less than two-months prior written notice to General Partner 2.
- Restriction on transfer** : The limited partners of Fund 2 are generally not permitted to transfer all or any part of its interests unless with prior written consent of General Partner 2.
- Investment Manager** : General Partner 2 may engage an investment manager to provide management services in connection with Fund 2's assets, subject to the overall supervision and control of General Partner 2, provided that the remuneration of the investment manager engaged by General Partner 2 for and on behalf of itself or Fund 2 shall be borne by General Partner 2 out of its own assets.

## **PROVISION OF TERM LOAN FACILITY**

On 7 April 2017 the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, a wholly-owned subsidiary of China HKBridge, pursuant to which the Lender agreed to provide a loan to the Borrower in the total principal amount of HK\$450,000,000 repayable on the Repayment Date. The Loan has an interest rate of 7.5% per annum.

For the purpose of the Loan Agreement, the following securities were given in favour of the Lender:

- (i) a corporate guarantee given by China HKBridge;
- (ii) a share charge over 41,666,666 ordinary shares in SkyNet Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8176);
- (iii) a share charge over 27.5% issued capital in Jade Summits Holding Limited, a company incorporated in the British Virgin Islands; and
- (iv) a debenture given by the Borrower over its assets and book debts.

## **INFORMATION OF THE GROUP AND THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENTS AND THE LOAN AGREEMENT**

### **The Group, Subsidiary 1, Subsidiary 2 and the Lender**

The Group is principally engaged in brokerage and dealing of securities, futures and options contracts, margin financing, loan financing, financial advisory, investment holding, and provision of management and consultancy services.

Subsidiary 1 is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

Subsidiary 2 is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

The Lender is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

### **Investor 1, Investor 2, General Partner 1, General Partner 2 and the Borrower**

Investor 1 is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings.

Investor 2 is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings.

General Partner 1 is an exempted company incorporated in the Cayman Islands. General Partner 1 shall have full control over the business and affairs of Fund 1 subject to certain actions which require prior consent of the limited partners of Fund 1.

General Partner 2 is an exempted company incorporated in the Cayman Islands. General Partner 2 shall have full control over the business and affairs of Fund 2 subject to certain actions which require prior consent of the limited partners of Fund 2.

The Borrower is a company incorporated in Hong Kong with limited liability. Its principal activities are investment holdings.

Investor 1, Investor 2, General Partner 1, General Partner 2 and the Borrower are wholly-owned by China HKBridge, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange (stock code:2323).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Jia, a substantial shareholder of the Company who indirectly holds 16.67% of China HKBridge, Investor 1, Investor 2, General Partner 1, General Partner 2 and the Borrower and their respective beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

#### **REASONS FOR THE FORMATION OF FUNDS AND THE PROVISION OF TERM LOAN FACILITY**

The Funds' investment focus and strategies are complementary to the Group's investment portfolio and the Formation of Funds will enable the Company to exploit the investment opportunities under the One Belt One Road national policy of the government of the PRC, at the same time, expecting to generate stable returns to the Group through the investment in the Funds as first-tier limited partners. On the other hand, the Loan will provide interest returns to the Lender which will result in reasonable and stable income to the Group.

In light of the above, the Directors consider that the terms of the Limited Partnership Agreements and the Loan Agreement are fair and reasonable and on normal commercial terms, and the arrangements contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Formation of Funds when aggregated with the provision of the Loan exceed(s) 5% but are less than 25%, the Formation of Funds and the provision of the Loan constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Hong Kong Bridge Holdings Limited (港橋控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China HKBridge
“China HKBridge”	China HKBridge Holdings Limited (中國港橋控股有限公司), a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange (stock code: 2323)
“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, the issued shares of which are listed on the Stock Exchange (stock code: 993)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“First Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 14 May 2017 entered into among Subsidiary 1, Investor 1. General Partner 1 and the Initial Limited Partner in relation to the formation of Fund 1
“Formation of Funds”	the formation of Funds pursuant to the terms of the Limited Partnership Agreements
“Fund 1”	Hong Kong Bridge One Belt One Road Natural Resource Fund L.P., an exempted limited partnership established in the Cayman Islands
“Fund 2”	Hong Kong Bridge One Belt One Road Fixed Income Fund L.P., an exempted limited partnership established in the Cayman Islands
“Funds”	Fund 1 and Fund 2
“General Partner 1”	Hong Kong Bridge One Belt One Road Natural Resource Fund G.P. Limited, an exempted company incorporated in the Cayman Islands
“General Partner 2”	Hong Kong Bridge One Belt One Road Fixed Income G.P. Limited, an exempted company incorporated in the Cayman Islands



“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Closing Date”	The first date on which General Partner 1 and General Partner 2, on behalf of Fund 1 and Fund 2 respectively, accepts subscription agreements to the respective fund
“Initial Limited Partner”	Harneys Services (Cayman) Limited, an exempted company incorporated under the laws of the Cayman Islands, which ceased to be a partner of Fund 1 and Fund 2 and have no further or continuing interest in Fund 1 and Fund 2 immediately upon entering into the Limited Partnership Agreements
“Investor 1”	Idea Excel Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China HKBridge
“Investor 2”	Great Merchant Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China HKBridge
“Lender”	Allied Year Limited (協年有限公司) a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Loan”	a loan made or to be made under the Loan Agreement or, as the context requires, the principal amount outstanding for the time being of that loan
“Limited Partnership Agreements”	The First Limited Partnership Agreement and the Second Limited Partnership Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the Loan Agreement dated 7 April 2017 entered into between the Borrower and the Lender
“Mr. Jia”	Mr. Jia Tianjiang, a PRC citizen
“percentage ratios”	as defined in the Listing Rules

“PRC”	the People’s Republic of China, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan are excluded
“Repayment Date”	the date falling two years after the date on which the Loan is made
“Second Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 14 May 2017 entered into among Subsidiary 2, Investor 2, General Partner 2 and the Initial Limited Partner in relation to the formation of Fund 2
“Shareholder(s)”	holder(s) of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary 1”	Sonic Power Holdings Limited (迅力控股有限公司), a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Subsidiary 2”	Benefit Team Limited (盈添有限公司), a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Subsidiaries”	Subsidiary 1 and Subsidiary 2
“%”	per cent.

By order of the Board  
**Huarong International Financial Holdings Limited**  
**Wang Qiang**  
*Chairman*

Hong Kong, 14 May 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Wang Qiang, Mr. Lai Jinyu and Ms. Wang Wei, the non-executive director is Ms. Yu Xiaojing and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Yeung Siu Keung.*