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**華融投資股份有限公司**

**HUARONG INVESTMENT STOCK CORPORATION LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2277)**

**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF 8% BONDS ISSUED BY  
INTREND VENTURES LIMITED**

**SUBSCRIPTION OF BONDS**

The Board is pleased to announce that on 30 August 2017 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement in respect of the Subscription, pursuant to which, among other matters, the Subscriber has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue to the Subscriber, the Bonds in the principal amount of HK\$450,000,000 for a term of two years extendable to an additional term of one year with an interest rate of 8% per annum, payable quarterly in arrears.

**IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Subscription pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out below:

**Date**

30 August 2017 (after trading hours)

## **Parties**

Subscriber : Big Thrive Limited, an indirect wholly-owned subsidiary of the Company

Issuer : Intrend Ventures Limited

## **Subject Matter of the Subscription Agreement**

The Subscriber has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue to the Subscriber, the Bonds at the Subscription Price.

## **Principal terms of the Bonds**

The principal terms of the Bonds are set out below:

**Issuer** : Intrend Ventures Limited

**Principal amount** : HK\$450,000,000

**Interest rate** : the Bonds bear interest from the Issue Date at a rate of 8% per annum, payable quarterly in arrears.

**Rank** : the Bonds constitute direct, unconditional, guaranteed and unsubordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future direct, unconditional, guaranteed and unsubordinated obligations.

**Maturity date** : the Bonds shall mature on the date falling on the end of the second year from the Issue Date (“**Initial Maturity Date**”), but may be extended for an additional year (such extended maturity date shall be referred to as the “**Extended Maturity Date**”) upon written request submitted by the Issuer to the Bondholder not more than 60 calendar days and not less than 30 calendar days prior to the Initial Maturity Date. Upon such extension, the Issuer shall

pay to the Bondholder an extension fee equal to 1.5% of the outstanding aggregate principal amount of the Bonds one business day after the Initial Maturity Date.

- Redemption** : the Issuer has the right, at its option, to redeem any of the Bonds in whole or in part in an aggregate principal amount of no less than HK\$20,000,000 on any date falling more than 12 months after the Issue Date (the “**Redemption Date**”) at a redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date.
- Transferability** : the Bondholder may assign or transfer any of the Bonds in whole or in part (in whole multiples of HK\$1,000,000) of the outstanding principal amount to any third party (i) only with the prior written consent of the Issuer; or (ii) after the occurrence of an Event of Default, so long as all applicable laws are complied with. The Issuer shall facilitate and bear the costs of any such assignment or transfer of the Bonds.
- Events of Default** : the Bond Certificate (together with the Terms and Conditions) contains customary events of default provisions which provide that, on the occurrence of certain Events of Default, the Bondholder shall be entitled to demand for immediate repayment from the Issuer of the principal amount of the Bonds together with any accrued and unpaid interest and default interest calculated at the rate of 20% per annum on the principal amount of the Bonds then outstanding.
- Listing** : the Bonds will not be listed on any stock exchange.

**Negative pledge** : the Issuer undertakes to and covenants with the Bondholder that for so long as any of the Bonds remain outstanding, the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its or any of its subsidiaries' respective property, assets (including, without limitation, the benefit and/or rights to repayment and interest (if any) in respect of any loans made by any of the Issuer or any of its subsidiaries to any person) or revenues, present or future, to secure any (i) present or future indebtedness (other than the Bonds, the Permitted Loans or in the ordinary course of business of Huajin International or its subsidiaries) of the Issuer or any of its subsidiaries or (ii) guarantee of or indemnity in respect of any debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Terms and Conditions (a) are secured equally, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall not be materially less beneficial to the Bondholder or as shall be approved in writing by the Bondholder.

**Securities and guarantee** : the obligations of the Issuer are guaranteed by the Guarantee and secured by (i) the IVL Share Charge; (ii) the Haiyi Share Charge; and (iii) the Huajin Share Charge.

### **Conditions Precedent**

The Subscription is subject to, among other things, the following conditions:

- (a) Haiyi having deposited not less than 391,500,000 shares of Huajin International into the Securities Account;
- (b) the sole director of the Issuer having passed the relevant resolution(s) approving and authorising the execution and delivery of, and the performance by the Issuer of its obligations under the Subscription Agreement, the other Transaction Documents and the transactions and matters as contemplated therein;

- (c) the sole director of Haiyi having passed the relevant resolution(s) approving and authorising the execution and delivery of, and the performance by Haiyi of its obligations under, the Huajin Share Charge and the transactions and matters as contemplated under the Transaction Documents to which Haiyi is a party;
- (d) the shareholders of Haiyi having passed the relevant resolution(s) noting and consenting to the Haiyi Share Charge and approving and authorising the execution, delivery and entry into the Huajin Share Charge and the transactions contemplated therein, including the security created under the Huajin Share Charge;
- (e) the Issuer and all relevant parties (other than the Subscriber) having duly executed each Transaction Document to which it is a party;
- (f) the Warranties being true, correct, accurate, complete and not misleading when made, and shall continue to be true, correct, accurate, complete and not misleading throughout the period between the signing of the Subscription Agreement and the Closing Date and as of the Closing Date with the same force and effect as if repeated on each such day by reference to the facts and circumstances subsisting at that date and on the basis that any reference in the Warranties, whether express or implied, to the date of the Subscription Agreement is substituted by reference to that date;
- (g) the Issuer having performed or complied with all the covenants, undertakings and obligations which it is required to perform prior to the Closing under the Subscription Agreement;
- (h) there being no event existing or having occurred and no condition being in existence which would (had the Bonds already been issued) constitute an Event of Default and no event or act having occurred which (with the giving of notices, or the lapse of time, or both) would (had the Bonds already been issued) constitute an Event of Default;
- (i) the conditions precedent to each of the Transaction Documents as specifically mentioned in each of such Transaction Documents having been fulfilled;
- (j) there not having been, in the opinion of the Subscriber since the date of the Subscription Agreement, any material change, or any development or event involving a prospective material change in the business or operations of the Issuer;

- (k) there being no violation or breach by the Issuer of any applicable laws to which the Issuer is subject or of any requirements by any applicable regulatory authority of competent jurisdiction, and no such violation or breach being resulted immediately from the transaction hereof;
- (l) there not having been occurred, in the opinion of the Subscriber since the date of the Subscription Agreement, any occurrence, event, circumstance or change that, individually or in the aggregate with one or more other occurrences, events, circumstances or changes, have had or reasonably could be expected to have a material adverse effect; and
- (m) the Subscriber having (i) been satisfied with the results of its commercial, financial and legal due diligence on the Issuer and its subsidiaries in its sole discretion; and (ii) performed and completed to its satisfaction ‘know your customer’, anti-money laundering or similar identification procedures in respect of the Issuer.

## **Completion**

Subject to the satisfaction (or waiver as the case may be) of the Conditions Precedent on or before 15 September 2017, Closing shall take place on the Closing Date.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Directors believe that the Subscription is complementary to the Group’s development strategy and can provide the Group with an opportunity to balance its investment portfolio and diversify the Group’s income sources, as well as to generate stable income for the Group. The interest rate of the Bonds is determined by the Issuer and the Subscriber on an arm’s length basis. Given that the due and punctual performance of the obligations of the Bonds are guaranteed by the Guarantor and secured by the IVL Share Charge, the Haiyi Share Charge and the Huajin Share Charge, the Directors consider that the terms of and conditions for the Subscription Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE PARTIES**

### ***The Subscriber and the Group***

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

The Group is principally engaged in (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services.

### ***The Issuer***

The Issuer is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. The Issuer is the beneficial owner of 87% of the issued share capital of Haiyi, an investment holding company, which in turn is the beneficial owner of 75% of the issued share capital of Huajin International, which is a cold-rolled steel processor in Guangdong Province, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Haiyi, the Issuer and their ultimate beneficial owners are Independent Third Parties.

### **IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Subscription pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

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

“Board”	the board of Directors
“Bond Certificate”	the certificate (together with the Terms and Conditions) issued by the Issuer in the name of the Bondholder in respect of its registered holdings of the Bonds
“Bonds”	extendable senior secured bonds in the principal amount of up to HK\$450,000,000 due 2019, constituted by the Subscription Agreement and the Bond Certificate and the Terms and Conditions
“Bondholder(s)”	the holder(s) of the Bonds
“Closing”	completion of the issue and subscription of the Bonds pursuant to the Subscription Agreement

“Closing Date”	with respect to the Bonds, the date on which such Bonds are issued, which is within five business days of the date on which the Conditions Precedent are satisfied or waived (or such other date as the Issuer and the Subscriber may agree in writing)
“Company”	Huarong Investment Stock Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 2277)
“Condition(s) Precedent”	the condition(s) precedent to the Closing pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Event of Default”	an event of default under the Bonds pursuant to the Terms and Conditions
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee to be given by the Guarantor in favour of the Subscriber in relation to the Bonds
“Guarantor”	Mr. Xu Songqing (許松慶), being the ultimate sole beneficial owner of the Issuer
“Haiyi”	Haiyi Limited (海逸有限公司), a company incorporated in the British Virgin Islands with limited liability
“Haiyi Share Charge”	the share charge provided by the Issuer in favour of the Bondholder in relation to 870 shares representing 87% of the issued share capital of Haiyi as at the date of the announcement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



“Huajin International”	Huajin International Holdings Limited (華津國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2738)
“Huajin Share Charge”	the share charge provided by Haiyi in favour of the Bondholder in relation to 391,500,000 shares representing 65.25% of the issued share capital of Huajin International as at the date of the announcement
“Independent Third Party(ies)”	independent third party(ies) which is/are not connected person(s) of the Company and is/are independent of the Company and its connected persons
“Issue Date”	means the date on which the Bonds are issued
“Issuer”	Intrend Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and the issuer of the Bonds
“IVL Share Charge”	the share charge provided by the Guarantor in favour of the Bondholder in relation to one share representing the entire issued share capital of the Issuer
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Securities Account”	the cash securities trading account established in the name of Haiyi and shall be jointly operated by (a) the representative designated in writing and authorised by the Subscriber to jointly operate such account; and (b) the representative designated in writing and authorised by the Issuer to jointly operate such account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Big Thrive Limited, a company incorporated in the British Virgin islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription for the Bonds pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 30 August 2017 entered into between the Subscriber and the Issuer in relation to the subscription of Bonds
“Subscription Price”	the subscription price of HK\$450,000,000 for the Bonds
“Terms and Conditions”	the terms and conditions constituting the Bonds
“Transaction Documents”	the Subscription Agreement, the Bond Certificate (together with the Terms and Conditions), the IVL Share Charge, the Haiyi Share Charge, the Huajin Share Charge and the Guarantee and any other documents designated as a Transaction Document by the Subscriber and the Issuer
”Warranties”	the warranties given by the Issuer under the Subscription Agreement
“%”	per cent.

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

Hong Kong, 30 August 2017

*As at the date of this announcement, the executive directors are Mr. Qin Ling, Mr. Yeung Chun Wai Anthony, Mr. Xu Xiaowu, Mr. Liu Xiguang, Mr. Kwan Wai Ming 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.*