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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 TRANSACTIONS IN RELATION TO
SUBSCRIPTION IN LISTED SECURITIES OF THE TARGET COMPANY**

THE INVESTMENT

The Board announces that, on 18 December 2017 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Target Company, pursuant to which the Subscriber has agreed to subscribe for a total of 235,055,000 new Subscription Shares, at the Subscription Price of HK\$3.10 per Subscription Share.

As at the date of this announcement, the 235,055,000 new Subscription Shares under the Subscription represent approximately 9.89% of the existing issued share capital of the Target Company and approximately 9.00% of the issued share capital of the Target Company as enlarged by the Subscription Shares (assuming the Subscription is completed in full and there is no other change in the issued share capital of the Target Company).

DEED OF COMPENSATION

Joywise, a controlling shareholder of the Target Company, on 18 December 2017 (after trading hours), entered into the Deed of Compensation in favour of the Subscriber, pursuant to which Joywise will compensate the Subscriber in cash where the sale proceeds is less than the reference proceeds in respect of the disposal of any of the Subscription Shares during the Compensation Period.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.20 of the Listing Rules, the Company applied for and the Stock Exchange has approved the use of alternative size tests for the calculation of assets ratio, profits ratio and revenue ratio required under Rule 14.07 of the Listing Rules (“**Alternative Size Tests**”) in the Subscription. After adopting the Alternative Size Tests, as the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Deed of Compensation exceed(s) 5% but all of them are less than 25%, the entering into of the Deed of Compensation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but exempt from the Shareholders’ approval requirement under the Listing Rules.

SUBSCRIPTION

On 18 December 2017 (after trading hours), the Subscriber entered into the Subscription Agreement with the Target Company, pursuant to which the Target Company shall allot and issue, and the Subscriber shall subscribe for 235,055,000 Subscription Shares at the Subscription Price of HK\$3.10 per Subscription Share. Details of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date:

18 December 2017 (after trading hours)

Parties:

- (i) the Target Company; and
- (ii) the Subscriber.

The Target Company has conditionally agreed to allot and issue, and the Subscriber shall, in reliance on the Target Company’s Warranties, subscribe for the Subscription Shares at the Subscription Price.

Upon completion of the Subscription, the Subscriber together with its associates (as defined in Chapter 14A of the Listing Rules) will not become a substantial shareholder of the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Target Company and its ultimate beneficial owner(s) are third parties independent of and not connected with the Subscriber, the Company and their connected persons.

Subscription Shares

235,055,000 new Shares to be subscribed by the Subscriber representing: (i) 9.89% of the total issued share capital of the Target Company of 2,376,681,625 Shares as at the date of this announcement; and (ii) approximately 9.00% of the issued share capital of the Target Company of 2,611,736,625 Shares as enlarged by the allotment and issuance of all the Subscription Shares (assuming the Subscription is completed in full and there is no other change in the issued share capital of the Target Company). The aggregate nominal value of the Subscription Shares is approximately HK\$2,350,550.

Consideration

The Subscription Price of HK\$3.10 per Subscription Share represents: (i) a discount of approximately 10.66% to the closing price of HK\$3.47 per Share as quoted on the Stock Exchange on 15 December 2017; (ii) a discount of approximately 10.35% over the average closing price of approximately HK\$3.458 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 10.14% over the average closing price of approximately HK\$3.45 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Subscriber and the Target Company with reference to the prevailing market price and the recent trading performance of the Shares.

The aggregate price payable by the Subscriber to the Target Company is HK\$728,670,500 and is financed by the Group's internal resources.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issuance of the Subscription Shares.

Conditions Precedent

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been revoked;

- (ii) the Target Company's Warranties and the Subscriber's Warranties having remained true and accurate in all material respects; and
- (iii) other internal requirements and/or procedures of the Company having been satisfied.

In the event that any of the above conditions is not fulfilled or waived on or before 31 March 2018 (or such other date as may be agreed between the Subscriber and the Target Company), the Subscription Agreement shall lapse and neither the Subscriber nor the Target Company shall have any claim against the other for costs, damages, compensation or losses (save for any accrued rights and obligations of the Subscriber and the Target Company and shall be without prejudice to the continued application of certain clauses of the Subscription Agreement).

Completion of the Subscription

Completion of the Subscription shall take place on the third Business Day following the satisfaction or waiver of all the conditions as set out in the Subscription Agreement (or such other date as the Subscriber and the Target Company shall agree).

APPLICATION FOR LISTING

An application will be made by the Target Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

DEED OF COMPENSATION

Joywise, a controlling shareholder of the Target Company, on 18 December 2017 (after trading hours), entered into the Deed of Compensation in favour of the Subscriber, pursuant to which Joywise will compensate the Subscriber in cash where the Sale Proceeds (as defined below) is less than the Reference Proceeds (as defined below) in respect of the disposal of any of the Subscription Shares during the Compensation Period.

For any disposal, the reference proceeds (the "**Reference Proceeds**") shall be calculated as follows:

- (i) (the consideration paid under the Subscription Agreement in respect of the Subscription Shares being disposed of) $\times (1 + 7\% \times N)$

Plus

- (ii) the Subscriber's transaction costs incurred in the disposal, including but not limited to reasonable legal fees, stamp duty and brokerage

Minus

- (iii) the distributions (including dividends) made by the Target Company and actually received by the Subscriber before the disposal in respect of the Subscription Shares being disposed of

Where “N” shall equal to 3 if the disposal occurs any time after 2 years from the issue of the Subscription Shares to the Subscriber by the Target Company to the completion of the disposal. For the avoidance of doubt, “N” shall equal to 2 if Joywise and the Subscriber mutually agree to allow the terms of the Deed of Compensation to expire after the initial 2 years from the completion of the issue of the Subscription Shares.

The sale proceeds (the “**Sale Proceeds**”) for any disposal shall be the sale proceeds payable to the Subscriber in respect of the Subscription Shares being disposed of.

The compensation was arrived at after arm’s length negotiations between the Subscriber and Joywise with reference to the prevailing market practice.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, Joywise and its ultimate beneficial owner(s) are third parties independent of and not connected with the Subscriber, the Company and their connected persons.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands whose issued shares are listed on the main board of the Stock Exchange. The Target Company Group is principally engaged in the business of property investment, property development and property management.

The following information is extracted from the 2016 Annual Report of the Target Company for the two financial years ended 31 December 2015 and 2016 respectively:

	Year ended	
	31 December 2015	31 December 2016
	<i>RMB million</i>	<i>RMB million</i>
Revenue	6,418	6,965
Profit before taxation	1,003	539
Profit for the year attributable to equity shareholders of the Target Company	601	195

Based on the Target Company’s 2016 Annual Report, the Target Company Group has an audited net asset value of approximately RMB7,682 million as at 31 December 2016 and RMB7,502 million as at 31 December 2015 respectively.

INFORMATION OF JOYWISE

Joywise is a company incorporated in the British Virgin Islands and is principally engaged in investment holding.

INFORMATION OF THE GROUP

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND ENTERING INTO THE DEED OF COMPENSATION

The Company is of the view that the Subscription and the Deed of Compensation provide the Group with good opportunity to expand and diversify its investment portfolio. The Subscription and the Deed of Compensation are in alignment with the Group's principal activities of carrying out investment on securities, and it will increase the return of funds of the Company by capitalising the opportunities arising from our investment in the Target Company.

In light of the above, the Board considers that the terms of the Subscription Agreement and the Deed of Compensation are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.20 of the Listing Rules, the Company applied for and the Stock Exchange has approved the use of Alternative Size Tests for the calculation of assets ratio, profits ratio and revenue ratio required under Rule 14.07 of the Listing Rules in the Subscription. After adopting the Alternative Size Tests, as the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Deed of Compensation exceed(s) 5% but all of them are less than 25%, the entering into the Deed of Compensation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules but exempt from the Shareholders' approval requirement under 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
“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, whose issued shares are listed on the Main Board of the Stock Exchange (Stock code: 993)

“Completion”	completion of the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Compensation Period”	a period of six months ending on the last day of a three-year period from the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Compensation”	the deed of compensation entered into by Joywise in favour of the Subscriber on 18 December 2017 (after trading hours)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joywise”	Joywise Holdings Limited 樂昇控股有限公司, a company incorporated in the British Virgin Islands, and a controlling shareholder of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	the issued and fully paid shares of the Target Company, all of which are listed on the Stock Exchange
“Shareholder(s)”	the holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beyond Steady Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	subscription for the Subscription Shares by the Subscriber
“Subscription Agreement”	the subscription agreement dated 18 December 2017 entered into between the Subscriber and the Target Company in relation to the Subscription
“Subscription Price”	HK\$3.10 per Subscription Share
“Subscription Shares”	235,055,000 new Shares to be subscribed by the Subscriber and issued by the Company at the Subscription Price pursuant to the Subscription Agreement

“Target Company”	Sunshine 100 China Holdings Ltd (陽光100 中國控股有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2608)
“Target Company Group”	the Target Company and its subsidiaries
“Warranties”	warranties given by the Target Company and/or the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

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

Hong Kong, 18 December 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. Fan Haibo, and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Guan Huanfei.