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CHTC FONG'S INDUSTRIES COMPANY LIMITED

恒天立信工業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 641)

ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES

This announcement is made by the board of directors (the “**Board**”) of CHTC Fong’s Industries Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcements of the Company dated 19 March 2012 and 11 September 2014 in relation to the banking facilities granted to certain wholly-owned subsidiaries of the Company by a bank (the “**Bank**”), the terms and conditions of such banking facilities contain a specific performance obligation imposed on the controlling shareholder of the Company.

On 24 October 2016, Fong’s National Engineering Company, Limited (“**FNECL**”), Fong’s Steels Supplies Company Limited and Tycon Alloy Industries (Hong Kong) Company Limited (collectively the “**Borrowers**”), all being wholly-owned subsidiaries of the Company, accepted the revised banking facilities (the “**Facilities**”) to the Borrowers under the terms and conditions of the Bank’s facility letter dated 15 August 2016 (the “**Facility Letter**”). The Facilities comprise three term loans and other trade related facilities up to an aggregate maximum amount of approximately HK\$457.78 million with details as follows:

- (i) an outstanding term loan facility of US\$2.6 million (the original loan amount was US\$40 million and was advanced to FNECL under a facility letter dated 16 March 2012) for a 4-year term with a maturity date in December 2016. As at the date of this announcement, the outstanding principal amount is US\$1.3 million and is to be repaid by December 2016;

- (ii) an outstanding term loan facility of HK\$187.5 million (the original loan amount was HK\$300 million and was advanced to FNECL under a facility letter dated 1 September 2014) for a 3-year term with a maturity date in September 2017. As at the date of this announcement, the outstanding principal amount is HK\$150 million and is to be repaid by four equal quarterly instalments of HK\$37.5 million each;
- (iii) a new term loan facility up to HK\$100 million to be advanced to FNECL for a 3-year term from the first drawdown date, which shall be on or before 31 December 2016. The principal amount is to be repaid by four equal semi-annual instalments commencing 18 months from the first drawdown date;
- (iv) other trade related facilities up to HK\$50 million are available to FNECL; and
- (v) other trade related facilities up to HK\$100 million are available to the Borrowers.

Pursuant to the terms and conditions of the Facility Letter, 中國恒天集團有限公司 (China Hi-Tech Group Corporation), the controlling shareholder of the Company, shall at all times maintain an aggregate beneficial ownership (directly or indirectly) of not less than 51% in the issued share capital of the Company throughout the life of the Facility Letter (the “**Specific Performance Obligation**”). Failure to comply with the requirement will trigger an event of default under the Facility Letter. As at the date of this announcement, 中國恒天集團有限公司 (China Hi-Tech Group Corporation) beneficially owns approximately 55.80% of the issued share capital of the Company.

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Company will make disclosures in its subsequent interim and annual reports for so long as circumstances giving rise to the Specific Performance Obligation of the controlling shareholder continue to exist.

By order of the Board
CHTC Fong’s Industries Company Limited
C.K. Lee
Company Secretary

Hong Kong, 24 October 2016

As at the date of this announcement, the Executive Directors are Mr. Ye Maoxin (Chairman), Mr. Ji Xin (Chief Executive Officer) and Mr. Du Qianyi (Chief Financial Officer); the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Ying Wei, Dr. Yuen Ming Fai and Mr. Li Jianxin.