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**遠東宏信有限公司**  
**FAR EAST HORIZON LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3360)**

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF UNDERLYING ASSETS UNDER THE ABN TRANSACTION**

Reference is made to the announcement of the Company dated 17 November 2016 (the “**Announcement**”). As disclosed in the Announcement, IFEL has established a trust scheme, whereby IFEL has conditionally agreed to entrust Shanghai International Trust with the relevant underlying assets and Shanghai International Trust has conditionally agreed to be the trustee under the trust contract to manage, operate and dispose of the underlying assets in its own capacity for the benefit of and distributing trust interests to the beneficiaries. (the “**Previous Assets Disposal**”).

#### **DISPOSAL OF UNDERLYING ASSETS UNDER THE ABN TRANSACTION**

The Board is pleased to announce that on 22 March 2017, IFEL, a direct wholly-owned subsidiary of the Company, FETJ, an indirect wholly-owned subsidiary of the Company and the Shanghai International Trust entered into the Trust Contract, pursuant to which, among other things, IFEL and FETJ have conditionally agreed to entrust Shanghai International Trust with the Underlying Assets and Shanghai International Trust has conditionally agreed to be the trustee under the Trust Contract and the administration agency of the Trust for the benefit of Beneficiaries for the purpose of the issuance of Assets Backed Notes. As part of the ABN Transaction, on the same date, IFEL, FETJ, Industrial Bank, Guotai Junan and Shanghai International Trust entered into the Underwriting Agreement, pursuant to which Industrial Bank as the mandated lead underwriter and bookrunner and Guotai Junan as the joint underwriter shall arrange for the issuance and securitization of different classes of Assets Backed Notes in the Aggregate Face Value of RMB2,933 million to be registered at the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會).

#### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the ABN Transaction and the Previous Assets Disposal would have to be aggregated for the purpose of considering the compliance obligation of the Company. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect thereof, on an aggregate basis, is more than 5% but less than 25%, the ABN Transaction together with the Previous Asset Disposal constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 17 November 2016 (the “**Announcement**”). As disclosed in the Announcement, IFEL has established a trust scheme, whereby IFEL has conditionally agreed to entrust Shanghai International Trust with the relevant underlying assets and Shanghai International Trust has conditionally agreed to be the trustee under the trust contract to manage, operate and dispose of the underlying assets in its own capacity for the benefit of and distributing trust interests to the beneficiaries. (the “**Previous Assets Disposal**”).

The Board is pleased to announce that on 22 March 2017, IFEL, a direct wholly-owned subsidiary of the Company, FETJ, an indirect wholly-owned subsidiary of the Company and the Shanghai International Trust entered into the Trust Contract, pursuant to which, among other things, IFEL and FETJ have conditionally agreed to entrust Shanghai International Trust with the Underlying Assets and Shanghai International Trust has conditionally agreed to be the trustee under the Trust Contract and the administration agency of the Trust for the benefit of Beneficiaries for the purpose of the issuance of Assets Backed Notes. As part of the ABN Transaction, on the same date, IFEL, FETJ, Industrial Bank, Guotai Junan and Shanghai International Trust entered into the Underwriting Agreement, pursuant to which Industrial Bank as the mandated lead underwriter and bookrunner and Guotai Junan as the joint underwriter shall arrange for the issuance and securitization of different classes of Assets Backed Notes in the Aggregate Face Value of RMB2,933 million to be registered at the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會).

## THE TRUST CONTRACT

### Date:

22 March 2017

### Parties:

- (1) 遠東國際租賃有限公司 (International Far Eastern Leasing Co., Ltd.\*), a direct wholly-owned subsidiary of the Company, as the settlor of the Trust;
- (2) 遠東宏信(天津)融資租賃有限公司 (Far Eastern Horizon (Tianjin) Financial Leasing Co., Ltd.\*), an indirect wholly-owned subsidiary of the Company, as the settlor of the Trust; and
- (3) 上海國際信託有限公司 (Shanghai International Trust Co., Ltd.\*), as the trustee under the Trust Contract and the administration agency of the Trust.

As advised by Shanghai International Trust, as at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Shanghai International Trust and its ultimate beneficial owner(s) were Independent Third Parties.

## **Underlying Assets under the Trust:**

The Underlying Assets represent the rights and interests of IFEL and FETJ pursuant to the underlying Finance Leases as of the Initial Benchmark Date (exclusive). The Underlying Assets include, (1) all rights, interests, benefits and gains (present and future, existing and contingent) that have been derived, will be derived or may be derived from the Finance Leases; (2) all of the account receivables due or not yet due accrued from the Finance Leases; (3) all the proceeds from transfer, sale, auction, sell-off or otherwise disposal of the underlying assets of the Finance Leases; (4) the right to request, sue, recover or receive all the payables in relation to the Finance Leases (irrespective of whether it is payable by IFEL or FETJ); and (5) interests arising from commitments in relation to the Finance Leases and all the rights and legal remedies arising from the Finance Leases, including all the creditor's rights entitled pursuant to the underlying Finance Leases, all security rights and interests attached to such creditor's rights and all collateral interests arising from guarantees of the above-mentioned creditor's rights.

As at the Initial Benchmark Date, the carrying value of the Underlying Assets, being the amortised cost of lease receivables less any allowance for impairment, was approximately RMB2,897 million.

Shanghai International Trust, as the trustee under the Trust Contract and the administration agency of the Trust, shall hold the Underlying Assets for the benefits of the Beneficiaries.

Upon the Trust becoming effective, the Underlying Assets shall become the assets under the Trust and IFEL and FETJ will cease to have any rights or interests in the Underlying Assets and IFEL and FETJ will cease to bear any risks relating to the Underlying Assets. Shanghai International Trust, as the trustee under the Trust Contract and administration agency of the Trust, will be responsible for the management, application and disposal of the entrusted Underlying Assets.

## **Conditions Precedent:**

The Trust will become effective upon satisfaction of or waiver (save for item (e) that is not waivable) of the following conditions, among others:

- (a) IFEL and FETJ having signed and delivered the transaction documents relating to the ABN Transaction and a copy of the business license, the necessary board resolutions, the corporate documents, approval(s) and authorization(s) approving the ABN Transaction to Shanghai International Trust;
- (b) Shanghai International Trust having signed and delivered the transaction documents relating to the ABN Transaction and copies of the finance license and business licenses to IFEL and FETJ and having confirmed to IFEL and FETJ that they have received all necessary corporate documents, approval(s) and authorization(s) for signing transaction documents and conducting transaction under the Trust Contract;
- (c) Shanghai International Trust having received and delivered a copy of the necessary approval(s) and authorization(s) from the relevant governmental regulatory authority in connection with the ABN Transaction to IFEL and FETJ;
- (d) the issuance of the Assets Backed Notes have been duly registered at the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會); and

- (e) the completion of the delivery of the Underlying Assets by IFEL and FETJ to Shanghai International Trust.

### **Consideration**

The Assets Backed Notes shall be issued at the Aggregate Face Value which represents a premium of approximately RMB2 million to the aggregate outstanding principal amount of approximately RMB2,931 million in relation to the Underlying Assets as at the Initial Benchmark Date.

Shanghai International Trust shall transfer the proceeds of the Assets Backed Notes issued under the ABN Transaction, being 2,760 million, which is the Aggregate Face Value deducted by the subscription price for the subordinated class of assets-backed notes by IFEL in the amount of RMB173 million, to the designated bank accounts of IFEL and FETJ on the date no later than the date of the completion of the delivery of the Underlying Assets.

### **Redemption Arrangement**

Pursuant to the Trust Contract, IFEL, FETJ, Shanghai International Trust or the assets servicing agency of the ABN Transaction shall notify the others aforesaid during the period of the Trust of any discovery of Unqualified Assets (as defined below). If the circumstances of the Unqualified Assets discovered are not timely rectified in material respect as required in the Trust Contract, Shanghai International Trust shall have the right to inform IFEL and/or FETJ to redeem such Unqualified Assets from Shanghai International Trust in accordance with the terms of the Trust Contract.

Underlying Assets in any of following circumstances are “**Unqualified Assets**”:

- (a) on the Initial Benchmark Date or the effective date of the Trust, being not in conformity with the warranties made in respect of the Underlying Assets;
- (b) the registration of transfer of the relevant mortgage and/or pledge over the Underlying Assets having not been completed within the period specified in the Trust Contract due to any reason already existing prior to the Trust becomes effective; and
- (c) the right of Shanghai International Trust under the relevant mortgage and/or pledge over the Underlying Assets after completion of the registration of transfer being not effective against any bona fide third party who asserts its right.

The price for redemption is the aggregation of the followings as at the 24:00 on the Redemption Counting Date:

- (a) the remaining outstanding principal amount of the Unqualified Assets;
- (b) all write-off of uncollected principal amount in connection with the creditor’s right under the relevant finance leases during the period from the Initial Benchmark Date to the relevant Redemption Counting Date; and
- (c) all outstanding interests payable accrued during the period from the Initial Benchmark Date to the relevant Redemption Counting Date in respect of the amounts described in (a) and (b) above.

## **THE UNDERWRITING AGREEMENT**

### **Date:**

22 March 2017

### **Parties:**

- (1) 遠東國際租賃有限公司 (International Far Eastern Leasing Co., Ltd.\*), a direct wholly-owned subsidiary of the Company, as initiating entity;
- (2) 遠東宏信 (天津) 融資租賃有限公司 (Far Eastern Horizon (Tianjin) Financial Leasing Co., Ltd.\*), an indirect wholly-owned subsidiary of the Company, as initiating entity;
- (3) 上海國際信託有限公司 (Shanghai International Trust Co., Ltd.\*), as the administration agency of the Trust;
- (4) 興業銀行股份有限公司 (Industrial Bank Co., Ltd.\*), as the mandated lead underwriter and the bookrunner; and
- (5) 國泰君安證券股份有限公司 (Guotai Junan Securities Co., Ltd.\*), as the joint underwriter.

As advised by Industrial Bank, as at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Industrial Bank and its ultimate beneficial owner(s) were Independent Third Parties.

As advised by Guotai Junan, as at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guotai Junan and its ultimate beneficial owner(s) were Independent Third Parties.

### **Conditions Precedent:**

The Underwriting Agreement shall be conditional upon satisfaction of the following conditions, among others:

- (a) Industrial Bank having received the necessary approval(s), permission(s) and registration(s) from the relevant regulatory authorities in connection with the ABN Transaction in compliance with the applicable rules and regulations;
- (b) the Issuer having truthfully, accurately, completely and timely disclose information relating to the Assets Backed Notes as required by laws and regulations;
- (c) the transaction documents in connection with the issuance of the Assets Backed Notes having signed and becoming effective;
- (d) the Issuer having not violated any of its substantive obligations and any statements, warranties and commitments in this agreement and the relevant issuance documents, and no significant adverse events, breach of contract, force majeure, etc. regulated in this agreement having occurred;

- (e) Shanghai International Trust having signed the relevant registration, custody and payment agreements with relevant registration custody agencies; and
- (f) the intermediary agencies having issued relevant valid professional opinions and no material adverse change having happened.

### **Other Major Terms**

Industrial Bank and Guotai Junan agreed to undertake the standby commitments in connection with the issuance and securitization of the Assets Backed Notes. Shanghai International Trust shall pay the underwriting commission to Industrial Bank and Guotai Junan from the Underlying Assets in its first distribution of the ABN Transaction.

IFEL shall pay the fees, costs and expenses payable to the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) and other regulatory authorities, and the legal fees, accounting fees, evaluation fees and other intermediation relating to trusteeship and cashing in connection with the issuance of the Assets Backed Notes.

### **FINANCIAL INFORMATION ON THE UNDERLYING ASSETS**

The net profits (both before and after taxation) attributable to the Underlying Assets for the two years ended 31 December 2015 and 2016, which were prepared in accordance with Hong Kong Financial Reporting Standards, were approximately as follows:

	<b>Year ended</b> <b>31 December 2015</b> <i>(RMB: million)</i>	<b>Year ended</b> <b>31 December 2016</b> <i>(RMB: million)</i>
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#### *Underlying Assets*

Net profits before taxation	-1	-10
Net profits after taxation	-1	-7

### **FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE ABN TRANSACTION**

Immediately upon the completion of the ABN Transaction, IFEL and FETJ will cease to have rights or interests in the Underlying Assets. It is anticipated that as a result of the issuance of the Assets Backed Notes, the Group would realise a net gain of approximately RMB399 thousand, which represents the difference between the proceeds from the issuance of the Assets Backed Notes (after the Trust becoming effective) and the unaudited carrying value of the Underlying Assets as at the date of the Trust Contract. The proceeds received from the issuance of the Assets Backed Notes (after the Trust becoming effective) will be applied on future finance leases transactions.

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

The Company is principally engaged in finance leasing and accelerating assets turnover is beneficial to the increase of the overall profit margin. Based on the unaudited consolidated financial statements of the Company, as at 30 June 2016, the consolidated total assets of the Company exceeded RMB150.3 billion.

Upon the completion of the ABN Transaction, the Directors believe that it will accelerate the overall turnover of the Company's assets and increase the overall revenue generated. Moreover, the proposed transfer of the Underlying Assets through this arrangement will realize the forthcoming revenue of the Company in advance and the proceeds received from the issuance of the Assets Backed Notes will provide financial supports to the Company's business development of new projects.

In view of the above, the Directors consider that the terms of the Trust Contract and the Underwriting Agreement are on normal commercial terms and are fair and reasonable and the ABN Transaction contemplated thereunder is in the interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE COMPANY**

The Company together with its subsidiaries is one of China's leading innovative financial companies focusing on the Chinese infrastructure industry and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing economy in China. It provides integrated finance, investment, trade, advisory and leasing services in healthcare, packaging, transportation, infrastructure construction, industrial machinery, education, textiles, electronic information, as well as other sectors as well as ship brokerage and chartering services.

## **INFORMATION OF IFEL AND FETJ**

IFEL, a direct wholly owned subsidiary of the Company, is a limited liability company incorporated in the PRC on 13 September 1991. IFEL is mainly engaged in the provision of integrated financial solutions built around finance leases and comprehensive value-added services of financial management, business operation, asset management and management consulting.

FETJ, an indirect wholly owned subsidiary of the Company, is a limited liability company incorporated in the PRC on 10 December 2013. FETJ is mainly engaged in finance leasing business of education, health care, construction, packing, industrial equipment, transportation, electronics segments in north east, north and north west of the PRC.

## **INFORMATION OF GUOTAI JUNAN**

Guotai Junan, established and registered in the PRC and listed on the Shanghai Stock Exchange (stock code: 601211), mainly provides financial services, including securities brokerage, proprietary securities trading, securities underwriting and sponsorship, securities investment consulting, margin financing and securities lending and distribution of financial products etc. as permitted by the China Securities Regulatory Commission.

## **INFORMATION OF INDUSTRIAL BANK**

Industrial Bank, established and registered in the PRC, is a national banking financial institution approved by China Banking Regulatory Commission to provide banking services and certain regulated activities in the PRC.

## INFORMATION OF SHANGHAI INTERNATIONAL TRUST

Shanghai International Trust, incorporated in the PRC on 6 May 1981, is a non-banking financial institution approved and regulated by CBRC. It principally engages in, inter alia, fund trust, negotiable securities trust, trust of other properties or property rights and other businesses as permitted by law or approved by CBRC.

## LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the ABN Transaction and the Previous Assets Disposal would have to be aggregated for the purpose of considering the compliance obligation of the Company. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect thereof, on an aggregate basis, is more than 5% but less than 25%, the ABN Transaction together with the Previous Asset Disposal constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“ABN Transaction”	the transactions contemplated under the Trust Contract and the Underwriting Agreement in connection with the issuance and securitization of the Assets Backed Notes in the Aggregate Face Value of RMB2,933 million to be registered at National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會)
“Aggregate Face Value”	the aggregate face value of the Assets Backed Notes in the amount of RMB2,933 million
“Assets Backed Notes”	the various classified asset-backed notes to be issued by the Trust in reliance on the Underlying Assets after the declaration of Trust
“Beneficiary(ies)”	the holder(s) of the Assets Backed Notes, also being the beneficiary(ies) of the Trust
“Board”	the board of Directors of the Company
“Company”	Far East Horizon Limited (遠東宏信有限公司), a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company



“Finance Leases”	the 44 finance leases entered into by IFEL (as lessor) and other lessees, the rights and interests from which so derived constitute the Underlying Assets and the 15 finance leases entered into by FETJ (as lessor) and other lessees, the rights and interests from which so derived constitute the Underlying Assets
“Group”	the Company and its subsidiaries
“Guotai Junan”	國泰君安證券股份有限公司 (Guotai Junan Securities Co., Ltd.*)
“IFEL”	遠東國際租賃有限公司 (International Far Eastern Leasing Co., Ltd*), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company
“Industrial Bank”	興業銀行股份有限公司 (Industrial Bank Co., Ltd.*)
“Initial Benchmark Date”	19 January 2017
“Issuer”	the issuing parties of the Assets Backed Notes, including IFEL, FETJ and Shanghai International Trust
“PRC”	the People’s Republic of China
“Redemption Counting Date”	the last day of the relevant rental collection period during which the redemption is requested in accordance with the terms of the Trust Contract
“Shanghai International Trust”	上海國際信託有限公司 (Shanghai International Trust Co., Ltd.*)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust declared under the Trust Contract in relation to the Underlying Assets for the purpose of the issuance of Assets Backed Notes
“Trust Contract”	the Trust Contract dated 22 March 2017 entered into among IFEL, FETJ and Shanghai International Trust in respect of the formation of the Trust and the transfer of the Underlying Assets

“Underlying Assets”

The Underlying Assets represent the rights and interests of IFEL and FETJ pursuant to the underlying Finance Leases as of the Initial Benchmark Date (exclusive). The Underlying Assets include, (1) all rights, interests, benefits and gains (present and future, existing and contingent) that have been derived, will be derived or may be derived from the Finance Leases; (2) all of the account receivables due or not yet due accrued from the Finance Leases; (3) all the proceeds from transfer, sale, auction, sell-off or otherwise disposal of the underlying assets of the Finance Leases; (4) the right to request, sue, recover or receive all the payables in relation to the Finance Leases (irrespective of whether it is payable by IFEL and FETJ); and (5) interests arising from commitments in relation to the Finance Leases and all the rights and legal remedies arising from the Finance Leases, including all the creditor’s rights entitled pursuant to the underlying Finance Leases, all security rights and interests attached to such creditor’s rights and all collateral interests arising from guarantees of the above-mentioned creditor’s rights

“Underwriting Agreement”

the underwriting agreement and its supplement dated 22 March 2017 entered into among IFEL, FETJ, Shanghai International Trust, Industrial Bank and Guotai Junan in respect of the underwriting arrangement of the Asset Backed Notes

By Order of the Board  
**Far East Horizon Limited**  
**KONG Fanxing**  
*Chief Executive Officer and Executive Director*

Hong Kong, 22 March 2017

*As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. LIU Haifeng David, Mr. John LAW, Mr. KUO Ming-Jian and Dr. CHEN Guogang, and the independent non-executive directors of the Company are Mr. CAI Cunqiang, Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming.*

\* *For identification purpose only*