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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
INVESTMENT IN THE TRUST SCHEME FOR THE PROVISION OF
THE ENTRUSTED LOAN**

The Board announces that on 23 June 2017 (after trading hours), Huarong Tianhai, a wholly-owned subsidiary of the Company, entered into the Trust Contract with the Entrusted Party, pursuant to which, Huarong Tianhai has agreed, subject to the terms and conditions therein, to entrust the Entrusted Amount of RMB750,000,000 (equivalent to approximately HK\$855,000,000) to the Entrusted Party as the initial Entrusted Assets under the Trust Scheme. The Entrusted Assets are used for the provision of the Entrusted Loan to the Borrower under the Entrusted Loan Agreement. The term of the Entrusted Loan is twenty-four months and the Entrusted Loan is secured by the Security Documents.

As one or more of the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the investment in the Trust Scheme for the provision of the Entrusted Loan exceed 5% but all the applicable percentage ratios are less than 25%, such investment constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 23 June 2017 (after trading hours), Huarong Tianhai, a wholly-owned subsidiary of the Company, entered into the Trust Contract with the Entrusted Party, pursuant to which, Huarong Tianhai has agreed, subject to the terms and conditions therein, to entrust the Entrusted Amount of RMB750,000,000 (equivalent to approximately HK\$855,000,000) to the Entrusted Party as the initial Entrusted Assets under the Trust Scheme. The Entrusted Assets are used for the provision of the Entrusted Loan to the Borrower under the Entrusted Loan Agreement.

TRUST CONTRACT

The principal terms of the Trust Contract are set out below:

- Date : 23 June 2017 (after trading hours)
- Parties : (a) Huarong Tianhai, a wholly-owned subsidiary of the Company, which is principally engaged in investment and management services including investment consultation, business information consultation and business management consultation; and
- (b) the Entrusted Party, which is principally engaged in the fund trust, property trust, real estate trust, securities trust, and investment fund business as an investment fund or fund management company founder.
- Purpose of Trust Scheme : Huarong Tianhai shall entrust the Entrusted Assets to the Entrusted Party for it to manage and utilize, and the Entrusted Party shall manage, utilize and deal with the Entrusted Assets in its own name, in accordance with the permitted use specified by Huarong Tianhai set out in the Trust Contract. The beneficiary of the Trust Scheme shall be Huarong Tianhai.
- Entrusted Assets : (a) The initial Entrusted Assets shall be the Entrusted Amount which will be financed by the internal source of Huarong Tianhai; and
- (b) all assets as generated from the management and usage of and dealing with the Entrusted Amount, including profits arising from the Entrusted Amount.
- Use of the Entrusted Assets : Provision of the Entrusted Loan to the Borrower
- Permitted use and other terms of the Entrusted Loan : The Entrusted Loan is used to supplement the Borrower's general operating working capital and make equity interests acquisition payments.

The term of the Entrusted Loan shall be twenty-four months. The Borrower may early repay the Entrusted Loan on or after the first anniversary of the Release Date of the Entrusted Loan.

The interest rate for the Entrusted Loan shall be 7.6% per annum before 1 July 2017, exclusive of tax. Huarong Tianhai shall separately notify the Entrusted Party in writing of the interest rate on or after 1 July 2017 for the Entrusted Loan inclusive of tax calculated in accordance with the relevant applicable laws and regulations issued by the Ministry of Finance, and such interest rate shall not be lower than 7.6% per annum (exclusive of tax).

The Entrusted Loan shall be secured by the following security documents (“**Security Documents**”):

- (a) a real property charge agreement dated 20 June 2017 entered into between Ding Li Estate and the Entrusted Party pursuant to which Ding Li Estate charged various properties located in Jiading District, Shanghai, PRC in favour of the Entrusted Party as security for, among others, all sums due and payable to the Entrusted Party under the Entrusted Loan Agreement; and
- (b) an equity pledge agreement dated 20 June 2017 entered into between Shanghai Yue Qi and the Entrusted Party pursuant to which Shanghai Yue Qi charged 100% equity interests in Ding Li Estate in favour of the Entrusted Party as security for, among others, all sums due and payable to the Entrusted Party under the Entrusted Loan Agreement.

Pursuant to the Trust Contract, Huarong Tianhai shall have the right to deliver an instruction to the Entrusted Party to deal with the security under the Security Documents if the Borrower is in default, and to authorize the Entrusted Party to appoint a director to the board of directors of Ding Li Estate, and such nominated director shall be notified by Huarong Tianhai to the Entrusted Party in writing.

Term of the Trust Scheme : Twenty-four months from the date of deposit of the first sum of the Entrusted Amount into the designated account of the Entrusted Party.

- Termination of the Trust Scheme : The Trust Scheme may be terminated, among other things, if:
- (a) the term of the Trust Scheme expires;
 - (b) parties to the Trust Scheme have mutually agreed to early terminate the Trust Scheme;
 - (c) the agreement in relation to the utilization of relevant funds under the Trust Scheme has been early terminated in accordance with the terms therein;
 - (d) the Trust Scheme has been discharged or revoked;
 - (e) the continuity of the Trust Scheme would violate its purpose; or
 - (f) other circumstances as stipulated in the Trust Contract and the laws and regulations.
- Distribution of the interests under the Trust Scheme : The expected return will be 7.5% per annum.
- Before the expiration of the Trust Scheme, the Entrusted Party shall distribute the interests of the trust quarterly.
- Upon the expiration of the Trust Scheme, the Entrusted Assets shall be returned to Huarong Tianhai in the state in which they will be at the time the Trust Scheme is terminated, which shall be in cash form, non-cash form or a combination of both.
- Remuneration of the Entrusted Party : The remuneration of the Entrusted Party shall be calculated by the formula: Scale of the existing Entrusted Assets x 0.1% x number of days of existence of the Trust Scheme ÷ 360.

ENTRUSTED LOAN AGREEMENT

The Entrusted Assets are used for the provision of the Entrusted Loan to the Borrower under the Entrusted Loan Agreement. The term of the Entrusted Loan is twenty-four months and the Entrusted Loan is secured by the Security Documents. The principal terms of the Entrusted Loan Agreement are set out below:

Date : 20 June 2017

Parties : (a) the Entrusted Party (as the entrusted lending agent); and
(b) the Borrower (中科建設開發總公司 (ZHONG KE Construction and Development Corporation*)), a state-owned enterprise in the PRC which is principally engaged in building construction, municipal utilities project construction, steel structure construction, building decoration construction, building mechanical and electrical installation work, import and export business and sale of hardware and electrical equipment, household electrical appliances, mechanical equipment, construction and decoration materials, metallic material (except precious metals), telecommunication equipment, chemical equipment and accessories, rubber products and mechanical and electrical equipment.

Amount of the Entrusted Loan

Pursuant to the Entrusted Loan Agreement, the Entrusted Party, at the request of Huarong Tianhai, agreed to provide the Entrusted Loan (which is the Entrusted Amount) in the principal amount of RMB750,000,000 (equivalent to approximately HK\$855,000,000) to the Borrower for a term of twenty-four months under the terms and conditions which are substantially similar to those as stipulated in the Trust Contract.

Purpose of the Entrusted Loan

The Entrusted Loan shall be used to supplement the Borrower's general operating working capital and make equity interests acquisition payments.

Pursuant to the Entrusted Loan Agreement, 1% of the Entrusted Loan will be used to subscribe for trust protection fund (信託業保障基金) of the Entrusted Party.

Release of the Entrusted Loan

The Entrusted Loan shall be divided into two portions, being RMB450,000,000 (equivalent to approximately HK\$513,000,000) as the first portion and RMB300,000,000 (equivalent to approximately HK\$342,000,000) as the second portion. The Entrusted Party may, having regard to the amount of funds received from Huarong Tianhai from time to time, make multiple releases of the first portion of the Entrusted Loan, the aggregate amount of which shall not exceed RMB450,000,000 (equivalent to approximately HK\$513,000,000). The

Borrower may serve a written request for the release of the second portion of the Entrusted Loan and such release may be made regardless of whether the first portion of the Entrusted Loan has been released in full.

Interests shall be accrued on the actual released amount in respect of the first portion of the Entrusted Loan. When the actual released amount reaches RMB450,000,000 (equivalent to approximately HK\$513,000,000), interests shall be accrued on the entire Entrusted Loan which is RMB750,000,000 (equivalent to approximately HK\$855,000,000).

Interest rate

The interest rate for the whole or any part of the Entrusted Loan shall be 7.6% per annum before 1 July 2017, exclusive of tax. The Entrusted Party shall separately notify the Borrower in writing of the interest rate on or after 1 July 2017 for the Entrusted Loan, inclusive of tax, calculated in accordance with the relevant applicable laws and regulations issued by the Ministry of Finance, and such interest rate shall not be lower than 7.6% per annum (exclusive of tax).

Conditions Precedent

The Entrusted Party will be obliged to release the Entrusted Loan only upon satisfaction (or waiver by the Entrusted Party) of the conditions precedent as more particularly set out in the Entrusted Loan Agreement, including without limitation, the following:

- (a) the trust documents and other transaction documents having been executed and the Trust Scheme having been established;
- (b) the Security Documents having been valid and the relevant filing, registration and all other procedures in relation to the securities under the Security Documents having been completed; and
- (c) no event of default on the part of the Borrower or circumstance which may jeopardize the creditor's rights of the Entrusted Party as stipulated in the Entrusted Loan Agreement having been occurred.

Repayment terms

The Borrower shall repay the interests on a quarterly basis and repay all the principal amount of the Entrusted Loan together with any accrued interest and other amounts payable under the Entrusted Loan Agreement upon expiry of the term of the Entrusted Loan or the early repayment date of the Entrusted Loan.

Security for the Entrusted Loan

In connection with the provision of the Entrusted Loan to the Borrower, obligations under the Entrusted Loan Agreement will be secured by the Security Documents. The Entrusted Party shall have the right to appoint one director to the board of directors of Ding Li Estate and such director shall be entitled to one veto vote in respect of its material operation matters.

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, provision of management and consultancy services. Huarong Tianhai is a wholly-owned subsidiary of the Company and is principally engaged in investment and management services including investment consultation, business information consultation and business management consultation.

INFORMATION OF THE ENTRUSTED PARTY

The Entrusted Party is a state-owned enterprise in the PRC, which is principally engaged in the fund trust, property trust, real estate trust, securities trust, and investment fund business as an investment fund or fund management company founder approved by the relevant departments of the Chinese State Council. The Entrusted Party is a subsidiary of China Railway Group Limited (中國中鐵股份有限公司), which is a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Stock Exchange (stock code: 390) and the Shanghai Stock Exchange (stock code: 601390), respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, saved as disclosed in this announcement, the Entrusted Party and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE BORROWER

The Borrower is a state-owned enterprise in the PRC with first class rating incorporated with the approval from the Ministry of Housing and Urban-Rural Development and the State Administration for Industry and Commerce. It is principally engaged in building construction, municipal utilities project construction, steel structure construction, building decoration construction, building mechanical and electrical installation work, import and export business and sale of hardware and electrical equipment, household electrical appliances, mechanical equipment, construction and decoration materials, metallic material (except precious metals), telecommunication equipment, chemical equipment and accessories, rubber products and mechanical and electrical equipment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, saved as disclosed in this announcement, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE SECURITY PROVIDERS

Shanghai Yue Qi is a company established under the law of the PRC and is principally engaged in real estate development, corporate management consultation services, investment management consultation services, business consultation services (except brokerage), property management, sale of hardware and electrical equipment, plumbing and heating equipment, household electrical appliances, sanitary ware and cleaning tools and lighting equipment, and holds 100% equity interests in Ding Li Estate.

Ding Li Estate is a company established under the law of the PRC and is principally engaged in real estate development, sale of real estate, demolition work, municipal engineering, decoration work, installation and maintenance of hydropower engineering and air-conditioning and heating work and property management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the security providers and its respective ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE TRUST CONTRACT FOR THE PROVISION OF THE ENTRUSTED LOAN

The terms of the Trust Contract were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and the prevailing market practices for entrusted loan in the PRC. The Directors consider that the entering into of the Trust Contract for the provision of the Entrusted Loan will result in a reasonable interest income to the Group. Accordingly, the Directors believe that the terms of the Trust Contract are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the investment in the Trust Scheme for the provision of the Entrusted Loan exceed 5% but all the applicable percentage ratios are less than 25%, such investment constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following words and expressions shall have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Borrower”	中科建設開發總公司 (ZHONG KE Construction and Development Corporation*), a state-owned enterprise in the PRC
“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 and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 993)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Ding Li Estate”	鼎立置業(上海)有限公司 (Ding Li Estate (Shanghai) Company Limited*), a company established under the law of the PRC with limited liability and a wholly-owned subsidiary of Shanghai Yue Qi
“Director(s)”	director(s) of the Company
“Entrusted Amount”	an amount of RMB750,000,000 (equivalent to approximately HK\$855,000,000) entrusted by Huarong Tianhai to the Entrusted Party pursuant to the Trust Contract
“Entrusted Assets”	the assets (including the Entrusted Amount) entrusted by Huarong Tianhai to the Entrusted Party pursuant to the Trust Contract, as more particularised in the sub-paragraph headed “Trust Contract — Entrusted Assets” of this announcement
“Entrusted Loan”	a loan in the principal amount of RMB750,000,000 (equivalent to approximately HK\$855,000,000) outstanding from time to time, which is entrusted by Huarong Tianhai to be provided to the Borrower through the Trust Contract and the Entrusted Loan Agreement, in which the Entrusted Party acts as the lending agent
“Entrusted Loan Agreement”	信託貸款合同 (the Entrusted Loan Agreement for the Entrusted Loan*) dated 20 June 2017 entered into between the Entrusted Party and the Borrower
“Entrusted Party”	中鐵信託有限責任公司 (China Railway Trust Co., Ltd.*), a state-owned enterprise in the PRC which is a corporate trustee established in the PRC and authorized by the China Banking Regulatory Commission to conduct trust and lending business
“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 People’s Republic of China
“Huarong Tianhai”	華融天海(上海)投資管理有限公司 (Huarong Tianhai (Shanghai) Investment Management Company Limited*), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Release Date”	the date shown on the release record of the first release of the Entrusted Loan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yue Qi”	上海躍奇置業有限公司 (Shanghai Yue Qi Estate Company Limited*), a company established under the law of the PRC with limited liability
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Contact”	華融天海優質項目投資2期單一資金信託合同 (Huarong Tianhai High Quality Project Investment Phase 2 Single Fund Trust Contract*) dated 23 June 2017 and entered into between Huarong Tianhai and the Entrusted Party
“Trust Scheme”	the single fund trust scheme established by the Entrusted Party in accordance with the Trust Contract
“%”	per cent.

In this announcement, save as otherwise provided, amounts in RMB are converted into HK\$ on the basis of HK\$114 = RMB100. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at all.

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

Hong Kong, 23 June 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. Guan Huanfei.

* For identification purposes