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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 BPL

SUBSCRIPTION OF BONDS

The Board is pleased to announce that on 26 June 2017 (after trading hours), the Subsidiary and BPL entered into the Subscription Agreement in respect of the Subscription, pursuant to which, among other matters, the Subsidiary has conditionally agreed to subscribe for, and BPL has conditionally agreed to issue to the Subsidiary, the Bonds in the principal amount of HK\$423,000,000 for a term of one year extendable to a maximum term of three years with an interest rate of 8% per annum, payable quarterly in arrears.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the announcement requirement as set out in the Listing Rules.

THE SUBSCRIPTION AGREEMENT

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

Date:

26 June 2017 (after trading hours)

Parties:

Subscriber: The Subsidiary

Issuer: BPL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BPL and its ultimate beneficial owner are Independent Third Parties.

Subject matter of the Subscription Agreement

The Subsidiary has conditionally agreed to subscribe for, and BPL has conditionally agreed to issue to the Subsidiary, the Bonds.

Principal terms of the Bonds

Set out below are the principal terms of the Bonds:

- Issuer:** BPL.
- Principal amount:** HK\$423,000,000.
- Interest rate:** The Bonds bear interest from the Closing Date at a rate of 8% per annum, payable quarterly in arrears, on the principal amount of the Bond outstanding on each interest payment date.
- Rank:** The Bonds constitute direct, unconditional, guaranteed and unsubordinated obligations of the BPL and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of BPL 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 direct, unconditional, guaranteed and unsubordinated obligations.
- Maturity date:** The Bonds shall mature on the first anniversary of the Closing Date, but may be extended to the second or third anniversary of the Closing Date, upon written request submitted by BPL to the Bondholder not more than 60 calendar days and not less than 30 calendar days prior to the first or second anniversary of the Closing Date, respectively.

Redemption: BPL has the right, at its option, to redeem any of the Bonds in whole or in part in an aggregate principal amount no less than HK\$100,000,000, on any date falling more than six (6) months after the Closing Date (the “**Redemption Date**”) at the redemption price, which means (i) with respect to the Redemption Date falling subsequent to the end of the six (6) months after the Closing Date and before the first anniversary (inclusive) of the Closing Date, 101% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date, and (ii) with respect to the Redemption Date falling subsequent to the first anniversary of the Closing Date, 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. The Bonds may be assigned or transferred in whole or in part (in whole multiples of HK\$1,000,000) of outstanding principal amount to any third party so long as all applicable laws are complied with, and BPL shall facilitate and bear the costs of any such assignment or transfer of the Bonds.

Events of default: The Bond Instrument contains customary events of default provisions which provide that, on the occurrence of certain events of default specified in the terms and conditions of the Bonds, the Subsidiary shall be entitled to demand for immediate repayment of the principal amount together with default interest in the amount calculated at the rate of 24% per annum on the principal amount of the Bonds from BPL then outstanding.

Listing: The Bonds will not be listed on any stock exchange.

Negative pledge:

BPL undertakes to and covenants with the Bondholders that for so long as any of the Bonds remain outstanding (as defined in the Bond Instrument), BPL 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 BPL or any of the subsidiaries to any person) or revenues, present or future, to secure any relevant debt or to secure any guarantee of or indemnity in respect of any debt unless, at the same time or prior thereto, BPL's obligations under the Bonds and the Bond Instrument (i) are secured equally and ratably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall not be materially less beneficial to the Bondholders or as shall be approved in writing by the Bondholders.

Security:

- (i) the Guarantee;
- (ii) the Cayman Share Charges; and
- (iii) the BVI Share Charge.

Conditions Precedent

The Subscription is subject to, among others, the following conditions:

- (a) the Board and the board of directors of BPL and Head and Shoulders having passed the relevant resolution(s) approving and authorising the execution and delivery of, and the performance of their respective obligations under the relevant Finance Documents and the transaction and matters as contemplated therein;
- (b) BPL having obtained all necessary approvals in accordance with its articles of association (or other equivalent constitutional document);

- (c) BPL and all relevant parties having duly executed each of the Finance Documents;
- (d) BPL having delivered to the Subsidiary a written confirmation from Mediastar confirming that the outstanding indebtedness for the principal amount under the Loan Note is HK\$422,037,680 and the unpaid interest accrued on the Loan Note as at 30 June 2017 is HK\$10,522,035.31;
- (e) from the date of the Subscription Agreement and at any time before the Closing, that
 - (i) each of the Warranties that is qualified as to materiality having remained true, accurate and correct in all respects and not misleading in any respect or in breach in any respect and that no events have suggested there were any breach in any respect of any such Warranties; and
 - (ii) each of the other Warranties having remained true, accurate and correct in all material respects, not misleading in any respect or in breach in any material respect and that no events have suggested there were any breach in any material respect of any such Warranties or other provisions of the Subscription Agreement by BPL;
- (f) BPL having performed in all material respects all the covenants, undertakings and obligations which it is required to perform prior to the Closing under the Subscription Agreement;
- (g) 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;
- (h) the conditions precedent to each of the Finance Documents as specifically mentioned in each of such Finance Documents having been fulfilled;
- (i) there shall not have been, in the opinion of the Subsidiary 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 BPL and the Listco; and
- (j) there has been no violation or breach of any applicable laws, rules and regulations to which the Subsidiary 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.

Completion

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

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

The Group actively adopted the strategy of diversified business operations. The Directors consider that the Subscription 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 return to the Group. Given that the due and punctual performance of the obligations of the Bonds are guaranteed by the Guarantor and that the BVI Share Charge and the Cayman Share Charges are charged to the Subsidiary, the Directors consider that the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Subsidiary and the Group

The Subsidiary is a company incorporated in the BVI 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.

BPL

BPL is a company incorporated in the BVI with limited liability. It is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Rule 14.06 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meaning set opposite to them below:

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| “Board” | the board of Directors; |
| “Bonds” | extendable senior secured bonds due 2018, constituted by the Bond Instrument; |
| “Bondholder(s)” | holder(s) of the Bonds; |
| “Bond Instrument” | the deed to be executed by BPL constituting the Bonds; |
| “BPL” | Brighten Path Limited, a company incorporated in the BVI with limited liability and the issuer of the Bonds; |
| “Business Day(s)” | any day (excluding a Saturday and Sunday) on which banks in Hong Kong are open for business throughout their normal business hours; |
| “BVI” | the British Virgin Islands; |
| “BVI Share Charge” | the share charge to be executed and delivered by Head and Shoulders in favour of the Subsidiary in relation to the entire issued share capital of BPL; |
| “Cayman Share Charges” | the share charges to be executed and delivered by BPL in favour of the Subsidiary in relation to 454,223,268 and 310,000,000 shares of the Listco respectively; |
| “Closing” | completion of the subscription and issue of the Bonds pursuant to the terms of the Subscription Agreement; |
| “Closing Date” | with respect to the Bonds, the date on which such Bonds are issued, which is within four Business Days of the date or which the Conditions Precedent are satisfied or waived (or such other date as BPL and the Subsidiary 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); |

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| “Condition(s) Precedent” | the condition(s) precedent as set out in the section headed “Conditions Precedent”; |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules; |
| “Director(s)” | director(s) of the Company; |
| “Event of Default” | an event of default under the Bonds and in the terms and conditions of the Bonds; |
| “Finance Documents” | the Subscription Agreement, the Bond Instrument (including the terms and conditions of the Bonds), the BVI Share Charge, the Cayman Share Charges and the Guarantee; |
| “Group” | the Company and its subsidiaries; |
| “Guarantee” | the unconditional and irrevocable guarantee to be given by the Guarantor in favour of the Subsidiary in relation to the Bonds; |
| “Guarantor” | Dr. Choi Chiu Fai Stanley, being the ultimate beneficial owner of BPL; |
| “Head and Shoulders” | Head and Shoulders Direct Investment Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Guarantor; |
| “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; |
| “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; |
| “Listco” | International Entertainment Corporation (國際娛樂有限公司), 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: 1009); |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Loan Note” | the loan note dated 10 February 2017, as amended by an amendment deed dated 9 May 2017, between BPL as issuer and Mediastar International Limited as noteholder; |
| “Mediastar” | Mediastar International Limited, a company incorporated in the BVI, being the noteholder under the Loan Note; |
| “Shares” | ordinary share(s) having a par value of HK\$0.01 each in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of Shares; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription” | the subscription for the Bonds pursuant to the Subscription Agreement; |
| “Subscription Agreement” | the subscription agreement dated 26 June 2017 entered into between the Subsidiary and BPL in relation to the subscription of the Bonds; |
| “Subscription Price” | the subscription price of HK\$423,000,000 for the Bonds; |
| “Subsidiary” | Ideal Trader Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company; |
| “Warranty(ies)” | warranty(ies) given by BPL under the Subscription Agreement; and |
| “%” | per cent. |

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

Hong Kong, 26 June 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.