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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
SUBSCRIPTION OF CONVERTIBLE BONDS**

THE SUBSCRIPTION

The Board is pleased to announce that on 8 May 2016, Eternity Sky Investments Limited (a wholly-owned subsidiary of the Company) as the Subscriber and Credit China Holdings Limited as the Issuer entered into the Subscription Agreement, pursuant to which the Issuer conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$500,000,000.

IMPLICATIONS UNDER LISTING RULES

As 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 of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Completion is subject to fulfilment or waiver of the Conditions Precedent set out in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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THE SUBSCRIPTION AGREEMENT

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

Date : 8 May 2016

- Parties : (a) Credit China Holdings Limited, the Issuer
(b) Eternity Sky Investments Limited, the Subscriber
- Principal Amount of the Convertible Bonds : An aggregate principal amount of HK\$500,000,000, subject to the fulfillment of the Conditions Precedent set out below.
- Conditions Precedent : Completion is conditional upon:
(a) the Stock Exchange having granted all necessary approval (either unconditionally or subject to conditions to which neither the Issuer nor the Subscriber objects) for the listing and permission to deal in the Conversion Shares and the issue of the Convertible Bonds; and
(b) the representations, warranties, covenants and undertakings remaining true, complete, accurate and not misleading in all material respects.
- Termination : The Subscriber may terminate the Subscription at any time before the date of Completion in any of the following circumstances:
(a) if there shall have come to the notice of the Subscriber any breach of the representations, warranties, covenants and undertakings in any material respect;
(b) if there is any breach of any covenant or agreement in relation to the Subscription Agreement, the Convertible Bonds and the guarantees provided by the Guarantors; and
(c) if any governmental authority proposes or enacts any applicable laws, rules and regulations which would prohibit, materially restrict or materially delay the Subscription for the Convertible Bonds by the Subscriber, or the other transactions contemplated under the Subscription Agreement, the Convertible Bonds and the guarantees provided by the Guarantors, and/or the operation of any member of the Issuer Group before the Completion.
- Completion : Subject to fulfilment or the waiver of the Conditions Precedent, the Completion shall take place on the third Business Day after the last of the applicable Conditions Precedent have been fulfilled (or waived) or such other date as the Issuer and the Subscriber shall agree in writing.

TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are set out below:

- Issuer : Credit China Holdings Limited
- Subscriber : Eternity Sky Investments Limited
- Principal Amount : HK\$500,000,000
- Subscription Price : HK\$500,000,000
- Form : The Convertible Bonds are issued in registered form.
- Interest : The Convertible Bonds bear interests from the date of issue at 7% per annum and shall accrue on a daily basis on the outstanding principal amount of the Convertible Bonds. Interest on the outstanding principal amount shall be payable in arrears on 22 June and 22 December in each year with the first payment of interest being made on 22 June 2016 and the last payment of interest being made on the Maturity Date.
- Maturity Date : The date falling on the third anniversary of the relevant date of issue of the Convertible Bonds.
- Conversion Period : Bondholder shall have the right to convert, at any time from the date of the issue of the Convertible Bonds by the Issuer up to and inclusive of the Maturity Date of the Convertible Bonds, in whole or in part of the principal amount in multiples of HK\$10,000,000.
- Conversion Price : HK\$3.476 per Conversion Share, subject to adjustments for, among other things, capitalisation issue, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, issue of convertible or exchangeable securities in discount, issue of new Shares in discount, consideration issues and other dilutive events.
- The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued below their nominal amount.
- Conversion Shares : Shares to be allotted and issued by the Issuer upon exercise by the Bondholder of the Conversion Rights attached to the Convertible Bonds.

Redemption at the Option of the Issuer : Clean-up Call: the Issuer may by prior notice in writing to the Bondholder, at its own expense, at any time prior to the Maturity Date redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with accrued and unpaid interest up to and inclusive of the date fixed by the Issuer for redemption and the Additional Amount provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted or redeemed.

Redemption for the Taxation Reason : The Convertible Bonds may be redeemed at the option of the Issuer by giving a prior tax redemption notice to the Bondholder at the outstanding principal amount together with accrued and unpaid interest to the tax redemption date and the Additional Amount if:

- (i) the Issuer has or will become obliged to pay additional tax amounts as provided or referred to in the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of any Relevant Tax Jurisdiction, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date the Convertible Bonds, and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no tax redemption notice shall be given earlier than a specific period prior to the earliest date on which the Issuer would be obliged to pay such additional tax amounts were a payment in respect of the Convertible Bonds then due.

Redemption at the Option of the Bondholder : Following the occurrence of a Relevant Event (as defined below), the Bondholder may by giving a prior relevant redemption notice, require the Issuer to redeem all of its Convertible Bonds (or any part thereof) on the fifth Trading Days after the date of such notice (the “**Relevant Event Redemption Date**”) at their principal amount together with accrued and unpaid interest and the Additional Amount up to the Relevant Event Redemption Date as set out in the Convertible Bonds.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading on the Stock Exchange (the “**Delisting**”);

- (ii) where any person or persons acting in concert acquire more than thirty (30) percent of the total number of voting rights in the Issuer; or
- (iii) the non-compliance with any of the business operation covenants relating to debt-to-asset ratio and no material non-compliance with laws.

- Redemption at maturity : Unless previously redeemed in accordance with the terms and conditions of the Convertible Bonds, the Issuer will redeem the Convertible Bonds on the Maturity Date by paying the Bondholder all outstanding principal amount to be redeemed and interest accrued thereon as well as the Additional Amount.
- Ranking of the Conversion Shares : Shares issued upon conversion shall rank *pari passu* in all respects with, and within the same class as, the Shares in issue on the date of conversion in respect of a Convertible Bond.
- Voting : The Bondholder shall, until becoming a holder of Conversion Shares, not be entitled to any rights attached to the Conversion Shares including but not limited to any voting right or right to receive any dividend or other distribution in respect of the Conversion Shares.
- Listing : The Convertible Bonds shall not be listed on any stock exchange. The Issuer confirms that it shall as soon as practicable following the execution of the Subscription Agreement make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Event of Default : The Convertible Bonds will contain customary events of default provision which provide that on the occurrence of certain specified events of defaults (including the Delisting), the Bondholders may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with interest accrued thereon and the Additional Amount.
- Transferability : Each Convertible Bond is freely assignable and transferrable in whole (but not part only) to any third party which is not a connected person of the Issuer (save that each Convertible Bond may be assigned or transferred in whole (but not part only) to a connected person when the Issuer has given its written consent and in compliance with applicable laws and regulations), subject to the compliance with (i) terms and conditions of the Convertible Bonds, (ii) the GEM Listing Rules, (iii) approval for listing in respect of the Conversion Shares, and (iv) all applicable laws and regulations.

GUARANTEES

As security for the obligations of the Issuer under the Subscription Agreement and the Convertible Bonds, Guarantors entered into personal guarantees, respectively, providing unconditional and irrevocable guarantees in favour of the Subscriber. The aforesaid guarantees shall be continuing securities and shall be discharged in accordance with the terms of such guarantees.

INFORMATION OF THE ISSUER

The Issuer, namely Credit China Holdings Limited (中國信貸控股有限公司), is a company incorporated under the laws of Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of Stock Exchange (stock code: 8207). The Issuer and its subsidiaries are primarily engaged in provision of internet financing services including peer-to-peer loan service platform business, online third party payment business and related activities on loan portfolio management, and also the provision of traditional financing services and related financial consultancy services including entrusted loan, real estate-backed loans, paw loans, micro-loans and other loans for small and medium-sized enterprises and individuals in the PRC and the Hong Kong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer is independent of and not connected with the Company or any connected persons of the Company.

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 holding, brokerage and dealing of bullion and forex contracts, provision of management and consultancy services and provision of pawn loans.

REASONS AND BENEFITS FOR THE SUBSCRIPTION OF CONVERTIBLE BONDS

The Directors are of the view that the rate of the Convertible Bonds is generally more favorable and higher than the interest rates of fixed deposits offered by well-recognised financial institutions in Hong Kong. As such, the Directors consider that the Subscription would provide the Group with a stable return under the present volatile economic environment.

Based on above, the Directors are of the view that the terms of the Subscription Agreement which were arrived at after arm's length negotiations between the Issuer and the Subscriber, are fair and reasonable and on normal commercial terms, and the Subscription contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As 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 of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

- “Additional Amount” : with respect to any outstanding Convertible Bonds as of any date of redemption, an amount representing the remainder of (a) a premium (for the avoidance of doubt, inclusive of all interest accrued on or prior to the date of redemption) of 11% per annum (or, in the case of redemption arising from an event of default or non-compliance of certain business operation covenants, 15% per annum), calculated on the outstanding principal amount thereof for the period from and including the issue date of the Convertible Bonds to but excluding such date of redemption, on an annual simple interest basis, minus (b) all interest paid thereon on or prior to such date of redemption;
- “Board” : the board of Directors;
- “Bondholder” : the person who is for the time being the holder of the Convertible Bonds;
- “Business Day(s)” : a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
- “Company” : Huarong International Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange;
- “Completion” : the completion of the Subscription;
- “Conditions Precedent” : the conditions precedent for the Completion;
- “connected person(s)” : has the same meaning as ascribed to it under the Listing Rules;
- “Conversion Rights” : the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares as referred to in the Instrument;

- “Conversion Price” : the price at which Conversion Shares will be issued upon exercise of the Conversion Rights under the Convertible Bonds, which will initially be HK\$3.476 per Conversion Share, subject to adjustment pursuant to the terms and conditions of the Convertible Bonds;
- “Conversion Shares” : any Shares to be issued by the Issuer upon the Bondholder(s) exercising its/their Conversion Right(s) under and in accordance with the terms and conditions of the Convertible Bonds;
- “Convertible Bonds” or “Bonds” : means HK\$500,000,000 at the annual interest rate of 7% redeemable convertible bonds due 2019 convertible into the Shares in denomination of HK\$10,000,000 each, with the benefit of and subject to the terms and conditions of the Subscription Agreement and the Instrument and due on the Maturity Date;
- “Director(s)” : the director(s) of the Company;
- “GEM Listing Rules” : the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange, as may be amended or supplemented from time to time;
- “Group” : the Company and its subsidiaries;
- “Guarantors” : Mr. Zhang Zhenxin, a substantial shareholder of the Issuer and a non-executive director of the Issuer, and his spouse Ms. Zhang Xiaomin, each a “**Guarantor**”;
- “Hong Kong” : the Hong Kong Special Administrative Region of the PRC;
- “Instrument” : the instrument executed as a deed by the Issuer constituting the Convertible Bonds;
- “Issuer” : Credit China Holdings Limited (中國信貸控股有限公司), is a company incorporated under the laws of Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of Stock Exchange (stock code: 8207);
- “Issuer Group” : the Issuer and its subsidiaries;
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended or supplemented from time to time;
- “percentage ratios” : as defined in the Listing Rules;

- “PRC” : the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
- “Relevant Tax Jurisdiction” : Cayman Islands or Hong Kong;
- “Share(s)” : ordinary share(s) of HK\$0.10 each in the share capital of the Issuer;
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited;
- “Subscriber” : Eternity Sky Investments Limited, a company incorporated in the British Virgin Islands with limited liability as Company’s wholly-owned subsidiary;
- “Subscription” : the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement;
- “Subscription Agreement” : the subscription agreement dated 8 May 2016 in relation to the subscription of HK\$500,000,000 Convertible Bonds entered into between the Issuer and the Subscriber;
- “subsidiary” : has the same meaning as ascribed to it under the Listing Rules;
- “Trading Days” : means day on which the Stock Exchange is open for trading;
- “%” : per cent.

By order of the Board
Huarong International Financial Holdings Limited
Liu Xiaodong
Chairman and Chief Executive Officer

Hong Kong, 9 May 2016

As at the date of this announcement, the executive Directors are Mr. Liu Xiaodong, Mr. Lai Jinyu and Mr. Xiong Hao and the independent non-executive Directors are Dr. Wong Tin Yau Kelvin, Mr. Tse Yung Hoi and Mr. Yeung Siu Keung.