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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)

**MAJOR TRANSACTION
ENTRUSTED LOAN ARRANGEMENT WITH
QINGDAO JIYAOHUA REAL ESTATE CO., LTD.**

ENTRUSTED LOAN ARRANGEMENT

On 24 August 2017 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with the Borrower and the Lending Agent pursuant to which the Lender agreed to provide the Entrusted Loan in the principal amount of up to RMB680 million (equivalent to approximately HK\$788.8 million) to the Borrower through the Lending Agent.

IMPLICATIONS UNDER THE LISTING RULES

As disclosed in the Previous Announcement, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition of the Convertible Bonds issued by the Issuer. As the Borrower is an indirectly non wholly-owned subsidiary of the Issuer, the Acquisition and the provision of the Entrusted Loan, which are completed within 12 months, are aggregated for the purpose of Chapter 14 of the Listing Rules by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Agreement, on a standalone basis or on an aggregate basis with the Sale and Purchase Agreement, are more than 25% but less than 100%, the transactions contemplated under the Entrusted Loan Agreement (whether on a standalone basis or on an aggregate basis with the Sale and Purchase Agreement) constitute a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Acquisition and the provision of the Entrusted Loan, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the provision of the Entrusted Loan. The Company has obtained a written shareholder's approval from Right Select, the controlling Shareholder holding approximately 50.99% of the total issued shares of the Company as at the date of this announcement, in lieu of holding a general meeting to approve the provision of the Entrusted Loan in accordance with Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other matters, further information on the provision of the Entrusted Loan together with a notice convening the general meeting, shall be despatched within 15 business days after publication of this announcement (i.e. on or before 14 September 2017).

INTRODUCTION

Reference is made to the Previous Announcement in relation to the Acquisition of the Convertible Bonds issued by the Issuer.

The Board is pleased to announce that, on 24 August 2017 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with the Borrower (an indirect non-wholly owned subsidiary of the Issuer) and the Lending Agent pursuant to which the Lender agreed to provide the Entrusted Loan in the principal amount of up to RMB680 million (equivalent to approximately HK\$788.8 million) to the Borrower through the Lending Agent.

ARRANGEMENTS UNDER THE ENTRUSTED LOAN AGREEMENT

Date	24 August 2017 (after trading hours)
Parties	<p>Lender: 新余華融晟遠投資有限公司 (Xinyu Huarong Shengyuan Investment Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, which is principally engaged in the provision of investment management in the PRC</p> <p>Borrower: 青島嘉耀華置業有限公司 (Qingdao Jiyaohua Real Estate Co., Ltd.*), a company based in Qingdao, Shandong Province, the PRC and principally engaged in, among others, hotel management and real estate development and management</p> <p>Lending Agent: A commercial bank incorporated in the PRC</p>
Amount of the Entrusted Loan	Not more than RMB680 million (equivalent to approximately HK\$788.8 million)
Term	Not exceeding three years commencing from the date of first drawdown of the Entrusted Loan
Interest rate	7% per annum
Conditions precedent	<p>The provision of not more than RMB300 million (equivalent to approximately HK\$348 million) of the Entrusted Loan by the Lender to the Borrower is conditional upon, among others, the satisfaction of the following conditions:</p> <ul style="list-style-type: none">(i) the Agreements having been duly signed and executed;(ii) the Charge and Pledge Documents having been signed and becoming effective; and(iii) having obtained all the internal approvals and authorisations from the Company

The provision of the remaining amount under the Entrusted Loan by the Lender to the Borrower is further conditional upon the Lending Agent becoming the sole chargee in relation to the land use rights of the Land

Repayment terms

The Borrower shall repay the interests on a quarterly basis and the principal amount upon expiry of the term of the Entrusted Loan

Purpose of the Entrusted Loan

The Entrusted Loan shall be used for the following purposes:

- (i) not exceeding RMB400 million (equivalent to approximately HK\$464 million) shall be used to repay loans from the shareholder of the Borrower; and
- (ii) the remaining shall be used for the funding of a construction project on the Land

Securities and guarantees

Obligations of the Borrower under the Agreements are secured and guaranteed by the Security Documents

Other commitments of the Borrower

The Borrower has also agreed that during the term of the Entrusted Loan Agreement, among others:

- (a) the Borrower shall deposit and use the proceeds from sale of commodity properties on the Land in accordance with the Escrow Agreement;
- (b) the Borrower shall not provide any guarantee or counter guarantee;
- (c) the Borrower shall not pledge any of its assets other than pursuant to the arrangement of the provision of the Entrusted Loan; and
- (d) the Lender shall have a right to appoint one director and one supervisor to the board of directors and the board of supervisory board of the Borrower respectively

The terms of the Entrusted Loan Agreement, including the interest rate, were agreed by the parties after arm's length negotiations having taken into account the range of interest rate charged by other companies engaging in the similar businesses in the PRC.

REASONS AND BENEFITS OF THE ENTRUSTED LOAN ARRANGEMENT

In view that (i) the interest rate under the Entrusted Loan was higher than the prevailing benchmark interest rate for fixed deposits in RMB announced by the People's Bank of China; and (ii) the provision of financial services has been one of the Group's principal businesses and the provision of the Entrusted Loan represents one of the Group's continuous efforts to seek different investment opportunities, the Directors consider that the provision of the Entrusted Loan provides the Group with a reasonable return from the interest to be received and represents a good investment opportunity to provide lucrative return on the use of the Group's own funds. Accordingly, the Directors are of the view that the terms of the Entrusted Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Lender and the Group

The Lender is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Lender is principally engaged in the provision of investment management in the PRC.

The Group is principally engaged in the (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services.

The Borrower and security providers

The Borrower is a company established in the PRC with limited liability and is principally engaged in, among others, hotel management and real estate development and management.

Duo Li Wei is a company established in the PRC with limited liability and is principally engaged in, among others, investment management.

Chang Fu Hang is a company established in the PRC with limited liability and is principally engaged in, among others, investment consulting and business management consulting.

Jiabao Nianhua is a company established in the PRC with limited liability and is principally engaged in among others, project investment consulting and market planning.

Beijing Ang Zhan is a company established in the PRC with limited liability and is principally engaged in, among others, software development and technology consulting.

The Issuer is an investment holding company incorporated in Bermuda with limited liability. The Issuer and its subsidiaries are principally engaged in theme-based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside the PRC that comprise theme parks, hotels, shopping and leisure facilities, as well as other theme-based consumption.

Sea Carnival is a company established in the PRC with limited liability and is principally engaged in, among others, real estate development and sales and property management.

The Issuer Controlling Shareholder is an executive director and the chairman of the Issuer.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiry and based on the information currently available, the Company and its connected persons are interested in following shares or underlying shares of the Issuer as at the date of this announcement:

- (i) a subsidiary of China Huarong is interested 440,510,000 shares of the Issuer;
- (ii) the Purchaser is interested in 92,321,428 shares upon full conversion of convertible bonds issued by the Issuer; and
- (iii) several subsidiaries of China Huarong are interested 935,416,916 shares upon full conversion of several convertible bonds issued by the Issuer.

Save as disclosed above, the Company and its connected persons are not interested in the shares or underlying shares of the Issuer as at the date of this announcement. Assuming full conversion of the above convertible bonds, the Company and its connected persons are interested in approximately 8.55% of the issued share capital of the Issuer as at the date of this announcement, and approximately 8.06% of the issued share capital of the Issuer as enlarged by the allotment and issue of the shares upon full conversion of the above convertible bonds. To the best knowledge of the Directors, none of the abovementioned convertible bonds has been converted as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Borrower, Duo Li Wei, Chang Fu Hang, Jiabao Nianhua, Beijing Ang Zhan, the Issuer, Sea Carnival, the Issuer Controlling Shareholder and their respective ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

The Lending Agent

The Lending Agent is a commercial bank established in the PRC and is principally engaged in the provision of a range of banking services and related financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Lending Agent and its ultimate beneficial owner(s) are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As disclosed in the Previous Announcement, the Group entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition of which the Convertible Bonds was issued by the Issuer. As the Borrower is an indirectly non wholly-owned subsidiary of the Issuer, the Acquisition and the provision of the Entrusted Loan, which are completed within 12 months, are aggregated for the purpose of Chapter 14 of the Listing Rules by virtue of Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Agreement, on a standalone basis or on an aggregate basis with the Sale and Purchase Agreement, are more than 25% but less than 100%, the transactions contemplated under the Entrusted Loan Agreement (whether on a standalone basis or on an aggregate basis with the Sale and Purchase Agreement) constitute a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Acquisition and the provision of the Entrusted Loan, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the provision of the Entrusted Loan. The Company has obtained a written shareholder's approval from Right Select, the controlling Shareholder holding 926,042,000 shares of the Company, representing approximately 50.99% of the total issued shares of the Company as at the date of this announcement, in lieu of holding a general meeting to approve the provision of the Entrusted Loan in accordance with Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst other things, further information on the provision of the Entrusted Loan together with a notice convening the general meeting, shall be despatched within 15 business days after publication of this announcement (i.e. on or before 14 September 2017).

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

“Acquisition”	the acquisition of the Convertible Bonds in the principal amount of US\$15 million
“Agreements”	the Entrusted Loan Agreement and the Escrow Agreement
“Beijing Ang Zhan”	北京昂展科技發展有限公司 (Beijing Ang Zhan Technology Development Co., Ltd.*), a company established in the PRC with limited liability and is indirectly owned by the Issuer Controlling Shareholder as at the date of this announcement
“Board”	the board of Directors
“Borrower”	青島嘉耀華置業有限公司 (Qingdao Jiayaohua Real Estate Co., Ltd.*), a company established in the PRC with limited liability and is wholly-owned by Qingdao Xin Chuang Hai as at the date of this announcement

“Chang Fu Hang”	深圳市長富行投資有限公司 (Shenzhen Chang Fu Hang Investment Co., Ltd.*), a company established in the PRC with limited liability
“China Huarong”	China Huarong Asset Management Co., Ltd., a joint stock limited liability company incorporated in the PRC, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2799), and indirectly wholly owns the issued shares of Right Select as at the date of this announcement
“Convertible Bonds”	8% secured convertible bonds due 2018 of the Issuer in principal amount of US\$15 million issued by the Issuer on 15 August 2016
“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 Stock Exchange (stock code: 2277)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Duo Li Wei”	深圳市多利偉投資發展有限公司 (Shenzhen City Duo Li Wei Investment Development Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 25% by Chang Fu Hang and as to 75% by Jiabao Nianhua as at the date of this announcement
“Entrusted Loan”	the entrusted loan in the principal amount of up to RMB680 million (equivalent to approximately HK\$788.8 million) to be advanced by the Lender to the Borrower through the Lending Agent pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the agreement dated 24 August 2017 and entered into between the Lender, the Borrower and the Lending Agent, pursuant to which the Lender agreed to provide the Entrusted Loan to the Borrower through the Lending Agent

“Escrow Agreement”	the escrow agreement dated 24 August 2017 and entered into by the Lender and the Borrower stipulating the arrangement relating to the deposit and use of proceeds from sale of commodity property on the Land
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Issuer” or “Carnival”	Carnival Group International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 996)
“Issuer Controlling Shareholder”	the controlling shareholder of the Issuer
“Jiabao Nianhua”	嘉寶年華投資諮詢(深圳)有限公司 (Jiabao Nianhua Investment Consulting (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Issuer as at the date of this announcement
“Land”	the land owned by the Borrower in Laoshan District, Qingdao, Shandong Province, the PRC
“Lender”	新余華融晟遠投資有限公司 (Xinyu Huarong Shengyuan Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company as at the date of this announcement
“Lending Agent”	a commercial bank incorporated in the PRC and the lending agent of the Entrusted Loan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Previous Announcement”	the announcement of the Company dated 13 September 2016 in relation to the Acquisition by the Purchaser from the Vendor, of which the Convertible Bonds were issued by the Issuer
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Wise United Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company as at the date of this announcement
“Qingdao Xin Chuang Hai”	青島鑫創海商貿有限公司 (Qingdao Xin Chuang Hai Trading Limited*), a company established in the PRC with limited liability and is wholly owned by Duo Li Wei as at the date of this announcement
“Right Select”	Right Select International Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company holding approximately 50.99% of the total issued shares of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 September 2016 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sea Carnival”	海上嘉年華(青島)置業有限公司 (Sea Carnival (QingDao) Advanced Property Development Co., Ltd.*), a company established in the PRC with limited liability and approximately 64% of its equity interest is indirectly owned by the Issuer as the date of this announcement

“Security Documents”

collectively:

- 1) the equity pledge agreement dated 24 August 2017 and entered into between Duo Li Wei as chargor and the Lender as the chargee pursuant to which Duo Li Wei charged its 100% equity interests in Qingdao Xin Chuang Hai in favour of the Lender as security for, among others, all sums due and payable to the Lender under the Entrusted Loan Agreement;
- 2) the equity pledge agreement dated 24 August 2017 and entered into between Chang Fu Hang as chargor and the Lender as the chargee pursuant to which Chang Fu Hang charged its 25% equity interests in Duo Li Wei in favour of the Lender as security for, among others, all sums due and payable to the Lender under the Entrusted Loan Agreement;
- 3) the equity pledge agreement dated 24 August 2017 and entered into between Jiabao Nianhua as chargor and the Lender as the chargee pursuant to which Jiabao Nianhua charged its 75% equity interests in Duo Li Wei in favour of the Lender as security for, among others, all sums due and payable to the Lender under the Entrusted Loan Agreement;
- 4) the land charge agreement dated 24 August 2017 and entered into between Borrower as the chargor and the Lending Agent as the chargee pursuant to which the Borrower charged the land use rights of the Land in favour of the Lending Agent as chargee as security for, among others, all sums due and payable to the Lender under the Entrusted Loan Agreement;

(the documents in (1), (2), (3) and (4) are collectively referred to as “**Charge and Pledge Documents**”)

- 5) the guarantee dated 24 August 2017 and entered into between the Lender and Beijing Ang Zhan as the guarantor guaranteeing, among others, all sums due and payable to the Lender under the Agreements;
- 6) the guarantee dated 24 August 2017 and entered into between the Lender and Issuer as the guarantor guaranteeing, among others, all sums due and payable to the Lender under the Agreements;
- 7) the guarantee dated 24 August 2017 and entered into between the Lender and Sea Carnival as the guarantor guaranteeing, among others, all sums due and payable to the Lender under the Agreements;
- 8) the guarantee dated 24 August 2017 and entered into between the Lender and the Issuer Controlling Shareholder as the guarantor guaranteeing, among others, all sums due and payable to the Lender under the Agreements; and
- 9) the charge agreement dated 24 August 2017 and entered into between Borrower as the chargor and the Lender as the chargee pursuant to which the Borrower charged the construction-in-progress in the Land in favour of the Lender as security for, among others, all sums due and payable to the lender pursuant to the Entrusted Loan Agreement

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	MSQ Fund SPC, which sold the Convertible Bonds for the account of MSQ Special Situation SP, an exempted segregated portfolio company incorporated in the Cayman Islands
“%”	per cent.

For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1 to HK\$1.16. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 24 August 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.

* *for identification purposes only*