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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 6% NOTES**

**SUBSCRIPTION OF NOTES**

The Board is pleased to announce that on 18 October 2017 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement in respect of the Subscription, pursuant to which, among other matters, the Subscriber has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue to the Subscriber, the Notes in the principal amount of US\$62,300,000 for a term of 364 days with an interest rate of 6% per annum, payable quarterly in arrears.

**IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Subscription pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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### *The Subscription Agreement*

- Date** : 18 October 2017 (after trading hours)
- Parties** : (a) the Issuer, as issuer; and  
(b) the Subscriber, as subscriber
- Subscription price of the Notes** : 100% of the principal amount of US\$62,300,000.  
The Company intends to fund the total subscription amount of the Notes by the Group's internal resources.
- Securities** : The payments and obligations of the Obligors under the Subscription Agreement and other related transaction documents are secured or guaranteed by (as the case may be):
- (a) a share charge over no less than 3% interest in the Issuer executed by the BVI Guarantor in favour of the Subscriber;
  - (b) a first fixed charge over all rights, title and interests from time to time in and to certain number of shares in a limited company listed on the Stock Exchange and is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development, executed by the Security Provider in favour of the Subscriber;
  - (c) a guarantee executed by the BVI Guarantor in favour of the Subscriber; and
  - (d) a guarantee executed by the Cayman Guarantor in favour of the Subscriber
- (collectively, the "**Securities**").

- Conditions precedent** : The Subscriber's obligations to the Subscription Agreement are conditional upon (unless, where applicable, waived by the Subscriber at its sole and absolute discretion), among others:
- (a) the Subscriber having obtained all necessary external, internal and corporate approvals under all applicable laws and regulations;
  - (b) all authorisations having been obtained to enable the Issuer to enter into the Subscription Agreement and to perform its obligations thereunder;
  - (c) no material adverse effect as set out in the Subscription Agreement having occurred;
  - (d) the representations and warranties of the Issuer being true, accurate and correct and not misleading from the date of the Subscription Agreement to the Closing Date; and
  - (e) no event of default as set out in the Subscription Agreement is continuing or would result from the proposed issue of the Notes to the Subscriber.
- Closing Date** : Subject to the satisfaction (or waiver as the case may be) of the conditions precedent set out in the Subscription Agreement on or before 31 October 2017 (or such later date as may be agreed by the parties hereto in writing), the closing of the Subscription shall take place within five (5) Business Days from the date on which a notice of issuance is sent, provided that all conditions precedent have been fulfilled or waived (as the case may be).
- Use of proceeds** : The proceeds shall be used exclusively for general corporate and working capital purposes.

### *The Note Instrument*

A summary of the principal terms and conditions of the Note Instrument, pursuant to which the Notes are constituted by, is set out below:

<b>Issuer of the Notes</b>	:	the Issuer
<b>Principal amount of the Notes</b>	:	US\$62,300,000
<b>Interest</b>	:	6% per annum payable every three (3) months on the basis of the actual number of days elapsed and a 364-day year
<b>Maturity date</b>	:	the date falling on the 364th day from the issue date of the Notes
<b>Events of default</b>	:	The Note Instrument contains customary events of default provisions which provide that, on the occurrence of certain events of default, the Noteholder shall be entitled to demand for immediate repayment from the Issuer of the Applicable Redemption Amount
<b>Redemption on maturity</b>	:	Unless previously redeemed or cancelled, the Notes will be redeemed at the Applicable Redemption Amount on the maturity date of the Notes.
<b>Early redemption</b>	:	The Issuer may, prior to the relevant maturity date of the Notes and at any time after six (6) months of the Closing Date, request to redeem the Applicable Redemption Amount of any Notes (the “ <b>Redeemed Notes</b> ”) by way of written notice to the Noteholder.
<b>Transferability</b>	:	The Notes are freely transferable and freely chargeable to any person in accordance with the relevant laws and regulations.

## **INFORMATION OF THE SUBSCRIBER AND THE GROUP**

The Subscriber is a company incorporated in the British Virgin Islands 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.

## **INFORMATION OF THE ISSUER**

The Issuer is principally engaged in trading, logistics, investment holding, leasing, consultancy, property development and construction businesses. The Issuer is wholly-owned by the BVI Guarantor, which in turn is wholly-owned by the Cayman Guarantor. The Cayman Guarantor is owned by the Security Provider as to 20% and a BVI company, an Independent Third Party, as to 80%. Each of the BVI Guarantor, the Cayman Guarantor and the Security Provider is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer, the BVI Guarantor, the Cayman Guarantor, the Security Provider and their respective ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Directors believe that the Subscription is complementary to the Group's development strategy and 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 income for the Group.

The terms and conditions of the Subscription Agreement and the Note Instrument (including the interest rate of the Notes) are negotiated between the Issuer and the Subscriber on an arm's length basis with reference to the normal prevailing commercial practice and the principal amount of the Notes. Given that the due and punctual performance of the obligations of the Notes are guaranteed and secured by the Securities, the Directors consider that the Subscription Agreement and the Note Instrument are on normal commercial terms, which are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Subscription pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Applicable Redemption Amount”	the aggregate of (i) the principal amount outstanding on the Notes; (ii) the outstanding interest up to the date of redemption, including any default interest payable upon occurrence of any event of default; and (iii) any other outstanding amount due but unpaid under that Notes
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks in Hong Kong, the Cayman Islands and the British Virgin Islands are open for business
“BVI Guarantor”	a limited company incorporated under the laws of British Virgin Islands, which owns 100% of the issued share capital of the Issuer
“Cayman Guarantor”	an exempted company incorporated under the laws of the Cayman Islands, which owns 100% of the issued share capital of the BVI Guarantor
“Closing Date”	the date of closing of the Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“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)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected person
“Issuer”	a private company limited by shares incorporated under the laws of Hong Kong and mainly engaged in trading, logistics, investment holding, leasing, consultancy, property development and construction businesses
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Obligors”	the Issuer, the BVI Guarantor, the Cayman Guarantor, the Security Provider and any person that is a party to the Subscription Agreement and other related transaction documents that is not the Noteholder
“Note Instrument”	a note instrument to be executed as a deed by the Issuer, pursuant to which the Notes are constituted by
“Noteholder”	holder of the Notes
“Notes”	the notes in an aggregate principal amount of US\$62,300,000 to be issued by the Issuer due 2018
“Security Provider”	a BVI business company incorporated under the laws of British Virgin Islands, which owns 20% of the issued share capital of the Cayman Guarantor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Bloom Right Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Notes pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 18 October 2017 entered into between the Subscriber and the Issuer in relation to the Subscription

“US\$” United States dollar, the lawful currency of the United States

“%” per cent.

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

Hong Kong, 18 October 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 Ms. Lin Xueqin; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Zhang Xiaoman, Mr. Tse Chi Wai and Dr. Lam Lee G.*