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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)

CONNECTED TRANSACTION

UNDERWRITING AGREEMENT IN RELATION TO PROPOSED ISSUANCE OF NON-PUBLIC CORPORATE BONDS IN THE PRC

PROPOSED ISSUE OF CORPORATE BONDS IN THE PRC

The Board is pleased to announce that the Company proposes to issue non-public corporate bonds in an aggregate principal amount of up to RMB2,000,000,000 to qualified investors in the PRC. Subject to the approval by the relevant authorities and after the relevant issue period, it is expected that the Bonds will be listed for trading on the Shanghai Stock Exchange.

In connection with the Proposed Bonds Issue, the Company and Huarong Securities entered into an Underwriting Agreement on 1 November 2017.

LISTING RULES IMPLICATION

Since Huarong Securities shall underwrite the Bonds by way of standby commitment underwriting and such underwriting of the Bonds will be conducted on normal commercial terms or better, and not to be secured by the assets of the Group, such underwriting transaction (if occurred) will be regarded as financial assistance to be provided by Huarong Securities to the Company and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum aggregate amount of underwriting fees payable by the Company to Huarong Securities under the Underwriting Agreement is more than 0.1% but less than 5%, the transaction between the Company and Huarong Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPOSED ISSUE OF CORPORATE BONDS IN THE PRC

The Board is pleased to announce that the Company proposes to issue non-public corporate bonds in an aggregate amount of up to RMB2,000,000,000 to qualified investors in the PRC (the “**Proposed Bonds Issue**”). Subject to the approval by the relevant authorities and after the relevant issue period, it is expected that the Bonds will be listed for trading on the Shanghai Stock Exchange. In connection with the Proposed Bonds Issue, the Company and Huarong Securities entered into an Underwriting Agreement on 1 November 2017 (the “**Underwriting Agreement**”).

Principal Terms of the Bonds

Set out below is a brief summary of the principal terms of the Bonds:

Issuer:	The Company
Place of issue:	The PRC
Size of issue:	The registered size of the Proposed Bonds Issue is not more than RMB2,000,000,000. The actual size of the Proposed Bonds Issue may be equal to, or less than, the approved registered size, within which the Company will have the absolute discretion in determining the actual size of the issue, taking into account (among others) the prevailing market conditions.
Manner of issue:	To be issued in multiple tranches, subject to the capital needs of the Group as well as the market conditions
Target subscribers:	Qualified investors under the Measures for Issuance and Transaction of Corporate Bonds (公司債券發行與交易管理辦法) issued by the CSRC and applicable laws and regulations
Maturity:	5 years, at the end of the third year: (i) the Issuer shall have the option to adjust the coupon rate of the Bonds; and (ii) the holders of the Bonds shall have the right to sell back the Bonds to the Issuer

Underwriter(s):	Huarong Securities, as the lead underwriter, together with such other underwriter(s) as may be part of the underwriting syndicate
Denomination:	RMB100 per Bonds
Interest rate:	Fixed interest rate, to be agreed and determined between the Company and Huarong Securities according to the book-building results
Interest calculation:	The interest of the Bonds will be calculated by way of simple interest instead of compound interest to be paid on an annual basis
Mode of repayment:	The interest will be paid on an annual basis and the principal will be repaid upon the maturity of the Bonds
Proposed listing of the Bonds:	Subject to the approval by the relevant authorities and after the relevant issue period, it is expected that the Bonds will be listed for trading on the Shanghai Stock Exchange. An application will be made by the Company to the Shanghai Stock Exchange in respect of the Proposed Bonds Issue.
Use of proceeds:	Repayment of the Group's existing indebtedness and replenishment of the Group's general working capital

Principal Terms of the Underwriting Agreement

Set out below is a brief summary of the principal terms of the Underwriting Agreement:

Date:	1 November 2017
Parties:	(1) The Company, as the issuer; and (2) Huarong Securities, as the lead underwriter
Subject:	Pursuant to the Underwriting Agreement, the Company has engaged Huarong Securities as the lead underwriter to be responsible for the underwriting of the Bonds proposed to be issued by the Company in accordance with the terms of the Underwriting Agreement. Huarong Securities may form an underwriting syndicate for the underwriting of the Bonds and, as the representative of the underwriting syndicate (if any), sign the Underwriting Agreement with the Company.

Conditions precedent:

The underwriting obligations of Huarong Securities are conditional upon the following conditions being satisfied (or waived): (1) the Shanghai Stock Exchange having issued a no objection letter in respect of the Proposed Bonds Issue, and the same having been filed with the Shanghai Stock Exchange; (2) the Company having provided all relevant information in relation to the Proposed Bonds Issue and have ensured the truthfulness, accuracy and completeness of such information and that there is no false records, misleading representations or material omission; and (3) Huarong Securities having obtained necessary information as proof that the Company has obtained all relevant approvals and consents, has completed all relevant procedures and arrangements, and has complied with all applicable laws, rules and other regulatory documents in respect of the Proposed Bonds Issue.

In the event that, for reasons attributable to one party, any of the above conditions precedent is not fulfilled (or waived by the other party) within 30 business days from the date of the Underwriting Agreement, the other party may terminate the Underwriting Agreement.

Underwriting liability:

Upon satisfaction (or waiver) of the conditions precedent of the Underwriting Agreement, Huarong Securities shall underwrite each tranche of the Bonds to be issued by the Company by way of standby commitment underwriting in accordance with the terms of the Underwriting Agreement.

Underwriting fees:

In consideration of the underwriting services by way of standby underwriting provided by Huarong Securities under the Underwriting Agreement, the Company shall pay the underwriting fees to Huarong Securities, which shall be calculated at 0.75% of the actual total issue amount of the Bonds. Accordingly, the maximum aggregate amount of underwriting fees payable by the Company to Huarong Securities under the Underwriting Agreement is RMB15,000,000.

The underwriting fees were determined by the parties after arm's length negotiations with reference to the market price for similar services and is in line with prevailing normal commercial terms. Huarong Securities will deduct the underwriting fees from the proceeds after completion of issue of the Bonds.

Termination:

The Underwriting Agreement may be terminated by Huarong Securities by the following reasons: (1) material adverse change in the Company's business or financial conditions, prospects or the Proposed Bonds Issue which would result in the Company no longer being able to satisfy the relevant listing requirements of Hong Kong Stock Exchange or which would lead to material impediments in obtaining Shanghai Stock Exchange's approval in respect of the Proposed Bonds Issue; (2) the Company having breached or failing to fulfill the Underwriting Agreement ; or (3) any representations, warranties or undertakings given by the Company under the Underwriting Agreement and/or the relevant offering document being inaccurate or misleading in any material respect or not having actually been fulfilled by the Company before the end of the underwriting period.

INFORMATION OF THE GROUP AND HUARONG SECURITIES

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 Securities is a non wholly-owned subsidiary of China Huarong and is principally engaged in dealing of securities, financial advisory, provision of management and asset management services.

REASONS FOR ENTERING INTO THE UNDERWRITING AGREEMENT

The Board is of the view that the Proposed Bonds Issue can replenish the working capital of the Group and repay the Group's existing indebtedness within a reasonable time. The Proposed Bonds Issue can also diversify the Group's portfolio of financial instruments, and will effectively reduce the financing costs and optimise the capital structure of the Group and have a positive impact on the operations of the Group as a whole.

The main reason for the Company to enter into the Underwriting Agreement with Huarong Securities is to facilitate the Proposed Bonds Issue. As part of the principal business of Huarong Securities is the dealing of securities, the Directors consider that Huarong Securities has the experience, expertise and investor-customer base to undertake the placement and underwriting of the Bonds effectively. The Directors consider that the terms of the Underwriting Agreement were reached on an arm's length basis between the parties and not less favourable than those provided by other financial institutions under similar agreements.

The Directors (including the independent non-executive Directors) consider that the Underwriting Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Underwriting Agreement and the Proposed Bonds Issue are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, the Company is indirectly owned as to 51% by China Huarong. Therefore, China Huarong is the controlling shareholder of the Company.

As at the date of this announcement, Huarong Securities is directly owned as to 81.77% by China Huarong. China Huarong is in turn the controlling shareholder of the Company. As such, Huarong Securities is thus a connected person of the Company. Therefore, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Since Huarong Securities shall underwrite the Bonds by way of standby commitment underwriting and such underwriting of the Bonds will be conducted on normal commercial terms or better, and not to be secured by the assets of the Group, such underwriting transaction (if occurred) will be regarded as financial assistance to be provided by Huarong Securities to the Company and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum aggregate amount of underwriting fees payable by the Company to Huarong Securities under the Underwriting Agreement is more than 0.1% but less than 5%, the transaction between the Company and Huarong Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Proposed Bonds Issue and the Underwriting Agreement. Accordingly, no Director was required to abstain from voting on the board resolutions in respect of the same.

GENERAL

The Proposed Bonds Issue is subject to a number of conditions and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Bonds”	the corporate bonds proposed to be issued by the Company with an aggregate principal amount of not exceeding RMB2,000,000,000 and to be listed for trading on the Shanghai Stock Exchange
“China Huarong”	China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), a joint stock limited liability company incorporated in the PRC, the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2799)
“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, the issued shares of which are listed on the Hong Kong Stock Exchange (stock code: 993)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huarong Securities”	Huarong Securities Co., Ltd. (華融證券股份有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Proposed Bonds Issue”	has the meaning as ascribed to it in the section headed “Proposed Issue of Corporate Bonds in the PRC” of this announcement
“RMB”	RMB, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued shares of the Company
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“Underwriting Agreement”	has the meaning as ascribed to it in the section headed “Proposed Issue of Corporate Bonds in the PRC” of this announcement
“%”	per cent.

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

Hong Kong, 1 November 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. Fan Haibo, and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Guan Huanfei.