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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should hand this circular at once to the purchasers or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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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**  
**AMENDMENTS OF THE TERMS AND CONDITIONS OF**  
**8% BONDS DUE 2019 ISSUED BY INTREND VENTURES LIMITED**

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Capitalised terms used in this cover page shall have the same meanings as those defined the section headed “Definitions” in this circular. A letter from the Board is set out on pages 6 to 14 of this circular.

4 October 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms used shall have the following meanings:*

“Amended Maturity Date”	30 August 2020 (or if that day is not a Business Day, the immediately following Business Day)
“Amended Terms and Conditions”	the Terms and Conditions as amended and supplemented by the Supplemental Deed
“Amendments”	the proposed amendments to the Terms and Conditions as set out in the Supplemental Deed
“Announcement”	the announcement of the Company dated 30 August 2019 in relation to the Amendments
“Applicable Interest”	has the meaning given to it in the sub-section headed “Interest” under the section headed “PRINCIPAL TERMS OF THE BONDS AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL DEED” in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Certificate”	the certificate (together with the Terms and Conditions) issued by the Issuer in the name of the Subscriber in respect of its registered holding of the Bonds
“Bondholder(s)”	the holder(s) of the Bonds
“Bondholder’s Written Resolution”	a written resolution signed by or on behalf of the Bondholder(s) holding more than 50% of the aggregate principal amount of Bonds outstanding in accordance with the Terms and Conditions
“Bonds”	extendable senior secured bonds in the principal amount of up to HK\$450,000,000, as constituted by the Subscription Agreement and the Bond Certificate (together with the Terms and Conditions) (as amended and supplemented by the Supplemental Deed), of which the aggregate principal amount of HK\$200,000,000 remains outstanding as at the Latest Practicable Date

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## DEFINITIONS

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“Business Day”	a day on which banks in Hong Kong are generally open for business (other than Saturday, Sunday, a public holiday, or a day on which banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong)
“close associate(s)”	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 Main Board of the Stock Exchange (Stock Code: 2277)
“Condition(s) Precedent”	the conditions precedent to the effectiveness of the Supplemental Deed and the Amendments, which are set out in the sub-section headed “Conditions Precedent” under the section headed “SUPPLEMENTAL DEED TO THE TERMS AND CONDITIONS OF THE BONDS”
“Confirmation Deed”	the deed of confirmation dated 30 August 2019 and entered into between the Issuer, the Subscriber, the Guarantor and Haiyi in relation to the confirmation of validity of the Guarantee, the IVL Share Charge, the Haiyi Share Charge and the Huajin Share Charge
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Event of Default”	an event of default under the Bonds pursuant to the Terms and Conditions
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee dated 30 August 2017 given by the Guarantor in favour of the Subscriber in relation to the Bonds
“Guarantor”	Mr. Xu Songqing (許松慶), being the ultimate sole beneficial owner of the Issuer
“Haiyi”	Haiyi Limited (海逸有限公司), a company incorporated in the British Virgin Islands with limited liability

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## DEFINITIONS

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“Haiyi Share Charge”	the share charge dated 30 August 2017 and provided by the Issuer in favour of the Subscriber in relation to 870 shares, representing 87% of the issued share capital of Haiyi as at the Latest Practicable Date
“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
“Huajin International”	Huajin International Holdings Limited (華津國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2738)
“Huajin Share Charge”	the share charge dated 30 August 2017 and provided by Haiyi in favour of the Subscriber in relation to 391,500,000 shares representing 65.25% of the issued share capital of Huajin International as at the Latest Practicable Date
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons or any of their respective associates
“Issuer”	Intrend Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“Issue Date”	31 August 2017
“IVL Share Charge”	the share charge dated 30 August 2017 and provided by the Guarantor in favour of the Subscriber in relation to 1 share, representing the entire issued share capital of the Issuer as at the Latest Practicable Date
“Latest Practicable Date”	31 August 2019, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Mandatory Redemption Date”	has the meaning given to it in the sub-section headed “Mandatory redemption” under the section headed “PRINCIPAL TERMS OF THE BONDS AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL DEED” in this circular
“Mandatory Redemption Price”	has the meaning given to it in the sub-section headed “Mandatory redemption” under the section headed “PRINCIPAL TERMS OF THE BONDS AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL DEED” in this circular
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Redemption Date”	has the meaning given to it in the sub-section headed “Voluntary redemption” under the section headed “PRINCIPAL TERMS OF THE BONDS AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL DEED” in this circular
“Right Select”	Right Select International Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder of the Company, holding approximately 50.99% of the entire issued share capital of the Company as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Big Thrive Limited, a company incorporated in the British Virgin islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription for the Bonds pursuant to the Subscription Agreement

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## DEFINITIONS

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“Subscription Agreement”	the subscription agreement dated 30 August 2017 entered into between the Subscriber and the Issuer in relation to the issue and subscription of the Bonds
“Subscription Announcement”	the announcement of the Company dated 30 August 2017 in relation to the Subscription
“Supplemental Deed”	the supplemental deed dated 30 August 2019 and executed by the Issuer by way of deed poll in favour of the Bondholder in relation to, among other things, (i) the extension of the Bonds to the Amended Maturity Date; and (ii) the Amendments
“Terms and Conditions”	the terms and conditions constituting the Bonds, as amended and supplemented from time to time
“United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

***Executive Directors:***

Mr. Yu Meng (*Chairman*)

Mr. Xu Xiaowu

***Non-executive Director:***

Ms. Zhao Yingxuan

***Independent non-executive Directors:***

Mr. Chan Kee Huen Michael

Mr. Tse Chi Wai

Dr. Lam Lee G

***Registered office:***

P.O. Box 1350, Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

***Head office and principal place of  
business in Hong Kong:***

Room 3201, 32/F

Two Pacific Place

88 Queensway

Hong Kong

4 October 2019

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
AMENDMENTS OF THE TERMS AND CONDITIONS OF  
8% BONDS DUE 2019 ISSUED BY INTREND VENTURES LIMITED**

**INTRODUCTION**

Reference is made to the Subscription Announcement in relation to the subscription of the Bonds and the Announcement in relation to the Amendments.

On 30 August 2017 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement in respect of the Subscription, pursuant to which, among other things, the Subscriber conditionally agreed to subscribe for, and the Issuer conditionally agreed to issue to the Subscriber, the Bonds in the principal amount of HK\$450,000,000 for a term of two years extendable to an additional term of one year with an interest rate of 8% per annum, payable quarterly in arrears. Completion of the Subscription took place on 31 August 2017, and the Issuer issued, and the Subscriber subscribed for, the Bonds in the principal amount of HK\$450,000,000.

As at the Latest Practicable Date, the aggregate principal amount of HK\$200,000,000 remains outstanding under the Bonds held by the Subscriber.



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## LETTER FROM THE BOARD

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On 30 August 2019 (after trading hours), the Issuer executed the Supplemental Deed by way of deed poll in favour of the Subscriber, in relation to, among other things, (i) the extension of the Bonds to the Amended Maturity Date; and (ii) the Amendments.

This circular is despatched to the Shareholders for information purposes only and contains, among others, further details of the Supplemental Deed, the Amendments and the financial and general information of the Group.

### SUPPLEMENTAL DEED TO THE TERMS AND CONDITIONS OF THE BONDS

The principal terms of the Supplemental Deed are set out below:

- Date** : 30 August 2019 (after trading hours)
- Party** : Executed by the Issuer in favour of the Bondholder by way of deed poll
- Principal amendments to the Terms and Conditions** :
- (i) the extension of the Bonds to the Amended Maturity Date; and
  - (ii) the Amendments, including, among other things:
    - (a) increase of the interest rate of the Bonds to 13.0% per annum, payable (I) for the period from and including 31 August 2019 to but excluding 29 November 2019, in arrears on 29 November 2019; (II) for the period from and including 29 September 2019 to but excluding 28 February 2020, in arrears on 28 February 2020; (III) for the period from and including 28 February 2020 to but excluding 29 May 2020, in arrears on 29 May 2020; and (IV) for the period from and including 29 May 2020 to and including the Amended Maturity Date, in arrears on the Amended Maturity Date;
    - (b) amendment of the provisions in relation to the Issuer's right to voluntarily redeem the Bonds; and
    - (c) addition of the provisions in relation to the mandatory obligation of the Issuer to redeem the Bonds.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The Supplemental Deed and the Amendments will take effect subject to the following Conditions Precedent having been fulfilled:

- (a) the Company having obtained Shareholder's approval and all such other approvals (if any) in relation to the transactions contemplated under the Supplemental Deed in accordance with the Listing Rules on or before 30 August 2019; and
- (b) the approval of the Amendments by a Bondholder's Written Resolution having been obtained.

As at the date of the Announcement and as at the Latest Practicable Date, Right Select is the controlling Shareholder of the Company and beneficially holds 926,042,000 Shares, representing approximately 50.99% of the entire issued share capital of the Company. As at the date of the Announcement, the Company has obtained a written shareholder's approval from Right Select approving the Supplemental Deed and the transactions contemplated thereunder in lieu of holding a general meeting of the Company for the approval the Supplemental Deed and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules.

As at the date of the Announcement, the Issuer has obtained the Bondholder's Written Resolution approving the Amendments.

As such, all of the Conditions Precedent have been fulfilled, and the Supplemental Deed and the Amendments have become effective on 30 August 2019.

### PRINCIPAL TERMS OF THE BONDS AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL DEED

The principal terms of the Amended Terms and Conditions are summarised as follows:

- Issuer** : Intrend Ventures Limited
- Principal amount** : HK\$200,000,000
- Interest** : The Bonds bear interest (A) from and including the Issue Date to and including 30 August 2019 at the rate of 8% per annum and (B) from and including 31 August 2019 to and including the Amended Maturity Date at the rate of 13% per annum (each an "**Applicable Interest**"). The Applicable Interest shall be payable as follows:
- (a) the Applicable Interest as described in (A) above shall be payable:
    - (i) for the period from, and including the Issue Date to but excluding 15 September 2017, in arrears on 15 September 2017;

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## LETTER FROM THE BOARD

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- (ii) for the period from and including 15 September 2017 to but excluding 15 June 2019, quarterly in arrears on each of 15 March, 15 June, 15 September and 15 December of each year; and
  - (iii) for the period from, and including 15 June 2019 to and including 30 August 2019, in arrears on 30 August 2019; and
- (b) the Applicable Interest as described in (B) above shall be payable:
- (i) for the period from and including 31 August 2019 to but excluding 29 November 2019, in arrears on 29 November 2019;
  - (ii) for the period from and including 29 November 2019 to but excluding 28 February 2020, in arrears on 28 February 2020;
  - (iii) for the period from and including 28 February 2020 to but excluding 29 May 2020, in arrears on 29 May 2020; and
  - (iv) for the period from and including 29 May 2020 to and including the Amended Maturity Date, in arrears on the Amended Maturity Date.

**Rank** : The Bonds constitute direct, unconditional, guaranteed and unsubordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer 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 future direct, unconditional, guaranteed and unsubordinated obligations.

**Maturity date** : The Bond shall mature on the Amended Maturity Date, being 30 August 2020 (or if that day is not a Business Day, the immediately following Business Day).

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## LETTER FROM THE BOARD

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**Voluntary redemption** : The Issuer has the right, at its option, to redeem any of the Bonds in whole or in part in an aggregate principal amount of no less than HK\$10,000,000 or integral multiples of HK\$10,000,000 on any date falling more than 12 months after the Issue Date (the “**Redemption Date**”) at a redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date.

**Mandatory redemption** : Unless previously redeemed in accordance with the Amended Terms and Conditions, the Issuer shall redeem, on each of 29 November 2019, 28 February 2020 and 29 May 2020 (each a “**Mandatory Redemption Date**”), as follows:

(a) on 29 November 2019, the Bonds in an aggregate principal amount of no less than HK\$50,000,000 at the Mandatory Redemption Price;

(b) on 28 February 2020, the Bonds in an aggregate principal amount of no less than HK\$50,000,000 at the Mandatory Redemption Price; and

(c) on 29 May 2020, the Bonds in an aggregate principal amount of no less than HK\$50,000,000 at the Mandatory Redemption Price.

If the Issuer redeems any part of the Bonds in a principal amount exceeding the principal amount specified in (a), (b) or (c) above, such principal amount of the Bond to be redeemed under such redemption shall be in the integral multiples of HK\$10,000,000.

“**Mandatory Redemption Price**” means 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest to, but not including, the Mandatory Redemption Date.

**Transferability** : The Bondholder may assign or transfer any of the Bonds in whole or in part (in whole multiples of HK\$1,000,000) of the outstanding principal amount to any third party (i) only with the prior written consent of the Issuer; or (ii) after the occurrence of an Event of Default, so long as all applicable laws are complied with. The Issuer shall facilitate and bear the costs of any such assignment or transfer of the Bonds.

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## LETTER FROM THE BOARD

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**Events of Default** : The Bond Certificate (together with the Terms and Conditions) contains customary events of default provisions which provide that, on the occurrence of certain Events of Default, the Bondholder shall be entitled to demand for immediate repayment from the Issuer of the principal amount of the Bonds together with any accrued and unpaid interest and default interest calculated at the rate of 20% per annum on the principal amount of the Bonds then outstanding.

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

**Negative pledge** : The Issuer undertakes to and covenants with the Bondholder that for so long as any of the Bonds remain outstanding, the Issuer 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 the Issuer or any of its subsidiaries to any person) or revenues, present or future, to secure any (i) present or future indebtedness (other than the Bonds, the permitted loans or in the ordinary course of business of Huajin International or its subsidiaries) of the Issuer or any of its subsidiaries or (ii) guarantee of or indemnity in respect of any debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Terms and Conditions (a) are secured equally, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall not be materially less beneficial to the Bondholder or as shall be approved in writing by the Bondholder.

**Securities and guarantee** : The obligations of the Issuer are guaranteed by the Guarantee and secured by (i) the IVL Share Charge; (ii) the Haiyi Share Charge; and (iii) the Huajin Share Charge.

The Issuer, the Subscriber, the Guarantor and Haiyi entered into the Confirmation Deed on 30 August 2019, pursuant to which each of the Issuer, the Guarantor and Haiyi (i) acknowledged the Amendments; and (ii) confirmed that its/his respective obligations under the Guarantee, the IVL Share Charge, the Haiyi Share Charge and the Huajin Share Charge (as applicable) shall extend in all respects to the obligations of the Issuer under the Amended Terms and Conditions.

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## LETTER FROM THE BOARD

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### EFFECT OF THE AMENDMENT OF THE CONDITIONS

#### Earnings

As disclosed in the Company's published annual report for the year ended 31 December 2018, the Group recorded the audited consolidated profit attributable to shareholders of approximately HK\$48.16 million. Upon the Amendment of Conditions becoming effective, it is expected that the earnings of the Group would be impacted as follows:

- (a) the Bonds bear interest at the rate of 13% per annum from and including 31 August 2019 to the Amended Maturity Date on the outstanding principal amount of the Bonds; it is estimated that the interest income accrued throughout the remaining term of the Bonds will be approximately HK\$16.30 million; and
- (b) the fair value change, if any, on the Bonds over the remaining term of the Bonds, which will be calculated with reference to the independent valuation report in future.

#### Assets and liabilities

As disclosed in the Company's published annual report for the year ended 31 December 2018, the audited total assets of the Group was approximately HK\$10,185.59 million and the audited total liabilities of the Group was approximately HK\$8,309.53 million as at 31 December 2018. It is expected that the Amendments will have no immediate material impact on the total assets and total liabilities of the Group.

### REASONS FOR AND BENEFITS OF THE AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BONDS

The Directors believe that the continued subscription of the Bonds 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. After taking into consideration the Issuer's request for extension of the maturity date of the Bonds, the current market conditions, which is uncertain and volatile because of different negative factors affecting Hong Kong and the global economy which is generally unfavourable to borrowers in raising debt capital, and following negotiations between the Issuer and the Subscriber, the Issuer agreed to execute the Supplemental Deed in favour of the Bondholder, and each of the Issuer, the Guarantor and Haiyi agreed to execute the Confirmation Deed in favour of the Subscriber. The amended interest rate of the Bonds was determined by the Issuer and the Subscriber on an arm's length basis with reference to, among other things, (i) the original interest rate of 8% per annum under the Terms and Conditions; and (ii) the length of the extension of the maturity of the Bonds to the Amended Maturity Date.

Given that the due and punctual performance of the obligations of the Bonds are guaranteed by the Guarantor and secured by the IVL Share Charge, the Haiyi Share Charge and the Huajin Share Charge, and has been acknowledged and confirmed by the Confirmation Deed, the Directors consider that the terms of and conditions of the Supplemental Deed and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Supplemental Deed and the transactions contemplated thereunder is more than 25% but less than 100%, the Supplemental Deed and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Supplement Deed and the transactions contemplated thereunder. As such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Supplemental Deed and the transactions contemplated thereunder. As at the date of the Announcement and as at the Latest Practicable Date, Right Select is the controlling Shareholder of the Company and beneficially holds 926,042,000 Shares, representing approximately 50.99% of the entire issued share capital of the Company. As at the date of the Announcement, the Company has obtained a written shareholder's approval from Right Select approving the Supplemental Deed and the transactions contemplated thereunder in lieu of holding a general meeting of the Company for the approval of the Supplemental Deed and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules.

### INFORMATION OF THE PARTIES

#### **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.

#### **The Issuer**

The Issuer is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. The Issuer is the beneficial owner of 87% of the issued share capital of Haiyi. The Guarantor is the ultimate beneficial owner of 100% of the issued share capital the Issuer.

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## LETTER FROM THE BOARD

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### **Haiyi**

Haiyi is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. Haiyi is the beneficial owner of 75% of the issued share capital of Huajin International, which is a cold-rolled steel processor in Guangdong Province, the PRC. The Issuer, Zhong Cheng International Limited, and Irichest Enterprises Limited are respectively interested in 87%, 12% and 1% of the issued share capital of Haiyi. Mr. Luo Canwen (羅燦文) is the ultimate beneficial owner of Zhong Cheng International Limited, Mr. Chen Chunniu (陳春牛) is the ultimate beneficial owner of Irichest Enterprises Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer, Haiyi and their ultimate beneficial owners (including the Guarantor) are Independent Third Parties.

### **RECOMMENDATION**

Although no general meeting of the Company will be convened for the approval the Supplemental Deed and the transactions contemplated thereunder, the Board considers that the terms of the Supplemental Deed are on normal commercial terms, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, if a general meeting of the Company was convened for the approval the Supplemental Deed and the transactions contemplated thereunder, the Board would have recommended that all Shareholders vote in favour of the resolutions to approve the Supplemental Deed and the transactions contemplated thereunder.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully  
By order of the Board  
**Huarong Investment Stock Corporation Limited**  
**Mr. Yu Meng**  
*Chairman*



**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the year ended 31 December 2016 is disclosed in the 2016 annual report of the Company (pages 49 to 140) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0420/ltn20170420314.pdf>

The financial information of the Group for the year ended 31 December 2017 is disclosed in the 2017 annual report of the Company (pages 52 to 134) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0419/ltn20180419235.pdf>

The financial information of the Group for the year ended 31 December 2018 is disclosed in the 2018 annual report of the Company (pages 64 to 175) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0430/ltn20190430179.pdf>

The financial information of the Group for the six months ended 30 June 2019 is disclosed in the 2019 interim report of the Company (pages 13 to 54) which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0927/ltn20190927163.pdf>

**2. INDEBTEDNESS**

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had secured and unguaranteed bank borrowings of approximately HK\$250.6 million, unsecured and unguaranteed bank borrowings of approximately HK\$2,275.0 million, unsecured and unguaranteed loan from related parties of approximately HK\$300.0 million, unsecured and unguaranteed loan from the immediate holding company of approximately HK\$3,413.5 million, and unsecured and unguaranteed loan from fellow subsidiaries of approximately HK\$775.7 million. In addition, the Group had financial assets sold under repurchase agreements of approximately HK\$385.5 million and lease liabilities of approximately HK\$273.5 million as at that date.

The Group's secured bank borrowings and lease liabilities were secured by legal charges over the following assets of the Group:

- i. finance lease receivable of approximately HK\$348.6 million;

- ii. machinery and motor vehicles with the carrying amounts of approximately HK\$7.6 million.

Save as disclosed above, as at the close of business on 31 August 2019, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the cash flow generated from the operating activities, the financial resources available to the Group including cash and cash equivalent on hand, the internally generated funds and the available banking facilities, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirement for the next 12 months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

In 2019, it is expected that the general domestic economy tends to be stable, with the overall economic policies leaning towards proactiveness, providing a favorable external environment for the Group's development amongst stability and transformation. The Group will continuously consolidate its foundation, lower its risks, enhance the quality of its project investments and strengthen its core competitiveness and sustainability.

The Company will continuously improve its mode of business development, explore its advantages and the competitive mode of differentiation. With the support by consolidating its foundation and stabilising business development, the Company continues to optimise the structure of its business, customers and staff and enhance the economic capability of its service entity. In order to realise the development approach of revitalising its principle business and the overall operating strategy of developing "businesses that orbit distressed asset management", the Company also focuses on exploring the market segment of distressed asset management as well as motivating other innovative financial service businesses to further enrich and improve the product portfolio of the Company.

Amid the business development, the Group will continue to prioritise risk prevention and control and promote the construction of quantitative analysis system for market risks, strengthening of its corporate governance and mechanism for risk prevention and control, sound risk management structure and comprehensive risk preference and risk limit management and clear admission criteria for projects, as well as optimised business authorisation and customer management policy, in order to enhance the effectiveness of risk control, perfect the comprehensive system management to realise the Group's stable growth and development.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 9 August 2019 and the announcement of the Company in relation to the interim results of the Group for the six months ended 30 June 2019, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited consolidated accounts of the Company have been made up).

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

**6. DIRECTORS' INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed by or leased to, any member of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up.

**7. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, the Group was not engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**8. MATERIAL CONTRACTS**

The following contracts (not being in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date that are or may be material:

- (a) the entrusted loan agreement (the "**Entrusted Loan Agreement**") dated 24 August 2017 entered into between with 青島嘉耀華置業有限公司 (Qingdao Jiyaohua Real Estate Co., Ltd.\*) as the lender and a commercial bank incorporated in the PRC as the lending agent in respect of the provision of the entrusted loan in the principal amount of up to RMB680 million (equivalent to approximately HK\$788.8 million). On 30 August 2017, 青島嘉耀華置業有限公司 (Qingdao Jiyaohua Real Estate Co., Ltd.\*), 深圳市長富行投資有限公司 (Shenzhen Chang Fu Hang Investment Co., Ltd.\*) and 嘉寶年華投資諮詢(深圳)有限公司 (Jiabao Nianhua Investment Consulting (Shenzhen) Co., Ltd.\*) entered into a three-party agreement to amend certain security arrangements under the Entrusted Loan Agreement;
- (b) the Subscription Agreement;
- (c) the subscription agreement dated 28 September 2017 entered into between Atlantic Star Global Limited and All-Stars SP IV A Limited in respect of the subscription of up to 20,000 class B shares of par value US\$0.01 each in the share capital of All-Stars SP IV A Limited (the "**Subscription Shares**") for a total subscription amount of US\$20 million on the basis of US\$1,000 per Subscription Shares;

- (d) the subscription agreement dated 18 October 2017 entered into between Bloom Right Limited (an indirect wholly-owned subsidiary of the Company) and a private company incorporated in Hong Kong in respect of notes in the principal amount of US\$62.3 million;
- (e) the acquisition agreement dated 9 November 2017 entered into between City Savvy Limited (an indirect wholly-owned subsidiary of the Company) and Miaoshi Investment Group Co., Ltd in respect of the purchase of the 12,700,700 CHESSE Depository Interest(s) (the “**Sale CDI**”) issued or to be issued by Retech Technology Co., Limited (“**Retech**”) to be sold by the vendor at the price of A\$0.4662 per Sale CDI for a total consideration of approximately A\$5.9 million (equivalent to approximately HK\$35.5 million);
- (f) the subscription agreements dated 9 November 2017 entered into between City Savvy Limited (an indirect wholly-owned subsidiary of the Company) and Retech in respect of the subscription of the total of 15,000,000 new CHESSE Depository Interest(s) (the “**CDI**”) issued or to be issued by Retech to City Savvy Limited at the price of A\$0.4662 per CDI for a total consideration of approximately A\$7.0 million (equivalent to approximately HK\$42.0 million), and convertible notes in the principal amount of HK\$39 million;
- (g) the subscription agreement dated 23 November 2017 entered into between Bloom Right Limited (an indirect wholly-owned subsidiary of the Company) and Master Glory Group Limited (凱華集團有限公司) in respect of the subscription of notes in the principal amount of HK\$300 million;
- (h) the asset management agreement dated 8 December 2017 entered into between 華融晟遠(北京)投資有限公司 (Huarong Shengyuan (Beijing) Investment Co. Ltd.), China Merchants Wealth and Bank of Ningbo in respect of a deposit amount up to RMB290 million (equivalent to approximately HK\$336.4 million);
- (i) the loan agreement dated 11 December 2017 entered into between Clever Robust Limited (醒健有限公司) (an indirectly wholly owned subsidiary of the Company) and an independent third party in respect of the provision of financial assistance in the principal amount of HK\$350 million;
- (j) the credit framework agreement dated 21 December 2017 entered into between Zhongju (Shenzhen) Financial Leasing Co., Ltd.\* (中聚(深圳)融資租賃有限公司) (an indirectly wholly owned subsidiary of the Company), Shenzhen Yestock Automobile Service Co., Ltd.\* (深圳市贏時通汽車服務有限公司) and Shenzhen Yestock Automobile Service Co., Ltd.\* (深圳市贏時通汽車服務有限公司), Yestock Technology (Shenzhen) Co., Ltd.\* (贏時通科技(深圳)有限公司), Mr. Wang Jen Tse and Ms. Lai Siu Chui in respect of the purchase of automobiles for a total consideration not more than RMB150 million (equivalent to approximately HK\$174 million);

- (k) the rental agreements dated 27 December 2017 entered into between 中聚(深圳)融資租賃有限公司 (Zhongju (Shenzhen) Financial Leasing Co., Ltd) (an indirectly wholly owned subsidiary of the Company) and 安徽太平洋電纜集團有限公司 (Anhui Pacific Cable Group Co., Ltd.) in respect of equipment being leased back to Anhui Pacific Cable Group Co., Ltd) for 5 years for an estimated total amount of RMB133.9 million (equivalent to approximately HK\$155.3 million);
- (l) the subscription agreement dated 29 December 2017 entered into between Star Lavish Limited (豐星有限公司) (an indirectly wholly-owned subsidiary of the Company) and Superactive Group Company Limited (先機企業集團有限公司) in respect of the subscription of bonds in the principal amount of HK\$300 million;
- (m) the subscription agreement dated 16 January 2018 entered into between Atlantic Star Global Limited and All-Stars General Partner I Limited in respect of the subscription for a limited liability partnership interest of US\$30 million in a fund; and
- (n) the subscription agreement dated 24 August 2017 entered into between Freeman FinTech Corporation Limited (Stock Code: 279) (“**Freeman FinTech**”) and Cheery Plus Limited (添樂有限公司) (an indirect wholly-owned subsidiary of the Company) (“**Cheery Plus**”) in relation to the subscription of the secured convertible bonds in the aggregate principal amount of HK\$437 million (“**CBs**”) The CBs were created and constituted by the instrument dated 12 September 2017 and executed by Freeman FinTech by way of deed poll (“**CB Instrument**”). On 28 September 2018, (i) Freeman FinTech executed a supplemental deed to the CB Instrument by way of deed poll to amend certain terms and conditions of the CBs; and (ii) Freeman FinTech entered into a deed of undertaking in favour of Cheery Plus, pursuant to which Freeman FinTech undertook to perform certain obligations to facilitate the amendment of certain terms and conditions of the CBs.

## 9. GENERAL

The company secretary of the Company is Mr. Leung Chin Wan, who is a member of the Hong Kong Institute of Certified Public Accountants.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 3201, 32/F, Two Pacific Place, 88 Queensway, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any business day from the date of this circular up to and including 18 October 2019:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix;
- (c) the annual report of the Company for the financial year ended 31 December 2016;
- (d) the annual report of the Company for the financial year ended 31 December 2017;
- (e) the annual report of the Company for the financial year ended 31 December 2018;
- (f) the interim report of the Company for the six months ended 30 June 2019; and
- (g) this circular.

**11. MISCELLANEOUS**

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.