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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**

SECOND SUPPLEMENTAL DEED TO THE TERMS AND CONDITIONS

On 27 March 2020 (after trading hours), the Issuer executed the Second Supplemental Deed by way of deed poll in favour of the Subscriber in relation to, among other things, the Amendments.

IMPLICATIONS UNDER THE LISTING RULES

Since the amendments under the Second Supplemental Deed constitute material variation of the terms of the Bonds, the applicable percentage ratios of which is more than 25% but less than 100%, the Bond and the transactions contemplated under the Second Supplemental Deed continue to 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 Second Supplemental 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 Second Supplemental Deed and the transactions contemplated thereunder. As at the date of this announcement, Right Select is the controlling Shareholder of the Company and beneficially holds 926,042,000 Shares, representing approximately 50.99% of the issued share capital of the Company. As at the date of this announcement, the Company obtained a written shareholder's approval from Right Select approving the Second Supplemental Deed and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further information on the Second Supplemental Deed and the transactions contemplated thereunder shall be despatched to the Shareholders within 15 business days after publication of this announcement (i.e. on or before 21 April 2020).

INTRODUCTION

Reference is made to the 2017 Announcement, 2019 Announcement and the 2019 Circular in relation to the Bonds.

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.

On 30 August 2019 (after trading hours), the Issuer executed the First Supplemental Deed by way of deed poll in favour of the Bondholder to amend and supplement certain Terms and Conditions.

As at the date of this announcement, the aggregate principal amount of HK\$144,000,000 remains outstanding under the Bonds held by the Subscriber.

SECOND SUPPLEMENTAL DEED TO THE TERMS AND CONDITIONS

On 27 March 2020 (after trading hours), the Issuer executed the Second Supplemental Deed by way of deed poll in favour of the Bondholder, in relation to, among other things, the Amendments.

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

- Date** : 27 March 2020 (after trading hours)
- Parties** : the Issuer and the Bondholder (the Second Supplemental Deed was 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;
 - (ii) amendment of the provisions in relation to the Interest Payment Dates; and
 - (iii) amendment of the provisions in relation to the mandatory obligation of the Issuer to redeem the Bonds.

Conditions Precedent

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

- (a) the Company having obtained approval of its Shareholders and all such other approvals (if any) in relation to the transactions contemplated under the Second Supplemental Deed in accordance with the Listing Rules on or before 31 March 2020; and
- (b) the approval of the Amendments by a Bondholder's Written Resolution having been obtained.

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

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

As such, all of the Conditions Precedent have been fulfilled, and the Second Supplemental Deed and the Amendments became effective on 27 March 2020.

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

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

- Issuer** : Intrend Ventures Limited
- Principal amount** : HK\$144,000,000
- 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**"). Save as otherwise provided in the sub-section headed "Mandatory redemption" under this section in this announcement, 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;
 - (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 during that period; 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;
 - (iv) for the period from, and including, 29 May 2020 to, but excluding, 28 August 2020, in arrears on 28 August 2020;
 - (v) for the period from, and including, 28 August 2020 to, but excluding, 30 November 2020, in arrears on 30 November 2020;
 - (vi) for the period from, and including, 30 November 2020 to, but excluding, 26 February 2021, in arrears on 26 February 2021;
 - (vii) for the period from, and including, 26 February 2021 to, but excluding, 28 May 2021, in arrears on 28 May 2021; and
 - (viii) for the period from, and including, 28 May 2021 to, and including, the Amended Maturity Date, in arrears on the Amended Maturity Date,

(each an “**Interest Payment Date**”).

Ranking : 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 2021 (or if that day is not a Business Day, the immediately following Business Day).

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 Terms and Conditions, the Issuer shall redeem, by each of 29 November 2019, 31 March 2020 and 26 February 2021 (each a “**Mandatory Redemption Date**”), as follows:

- (a) by 29 November 2019, the Bonds in an aggregate principal amount of no less than HK\$50,000,000 at 100% of such principal amount of the Bonds to be redeemed, such that the outstanding principal amount of the Bonds as at 29 November 2019 shall be HK\$150,000,000 or less;
- (b) by 31 March 2020, the Bonds in an aggregate principal amount of no less than HK\$6,000,000 at 100% of such principal amount of the Bonds to be redeemed, such that the outstanding principal amount of the Bonds as at 31 March 2020 shall be HK\$144,000,000 or less; and
- (c) by 26 February 2021, the Bonds in an aggregate principal amount of no less than HK\$44,000,000 at 100% of such principal amount of the Bonds to be redeemed, such that the outstanding principal amount of the Bonds as at 26 February 2021 shall be HK\$100,000,000 or less.

If the Issuer redeems any part of the Bonds in a principal amount exceeding the principal amount specified in paragraphs (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.

The accrued but unpaid interest in respect of the Bonds to be redeemed in accordance with paragraphs (a), (b) or (c) above (i.e. at the rate of 13% per annum) shall be payable as follows:

- (i) the unpaid Applicable Interest accrued on the principal amount of the Bonds to be redeemed in accordance with paragraph (a) above up to, but not including, the date of actual redemption of such Bonds shall be payable in arrears on 29 November 2019;
- (ii) the unpaid Applicable Interest accrued on the principal amount of the Bonds to be redeemed in accordance with paragraph (b) above up to, but not including, the date of actual redemption of such Bonds shall be payable in arrears on 29 May 2020; and

(iii) the unpaid Applicable Interest accrued on the principal amount of the Bonds to be redeemed in accordance with paragraph (c) above up to, but not including, the date of actual redemption of such Bonds shall be payable in arrears on 26 February 2021.

- 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.
- 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 27 March 2020, 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.

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

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 further 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 Second 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 Second Supplemental Deed was determined by the Issuer and the Subscriber on an arm's length basis with reference to, among other things, (i) the interest rate of 13% 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 such security and guarantee obligations have been acknowledged and confirmed under the Confirmation Deed, the Directors consider that the terms of and conditions of the Second Supplemental Deed and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since the amendments under the Second Supplemental Deed constitute material variation of the terms of the Bonds, the applicable percentage ratios of which is more than 25% but less than 100%, the Bond and the transactions contemplated under the Second Supplemental Deed continue to 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 Second Supplemental 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 Second Supplemental Deed and the transactions contemplated thereunder. As at the date of this announcement, Right Select was the controlling Shareholder of the Company and beneficially held 926,042,000 Shares, representing approximately 50.99% of the issued share capital of the Company. As at the date of this announcement, the Company obtained a written shareholder's approval from Right Select approving the Second Supplemental Deed and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

DESPATCH OF CIRCULAR

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further information on the Second Supplemental Deed and the transactions contemplated thereunder shall be despatched to the Shareholders within 15 business days after publication of this announcement (i.e. on or before 21 April 2020).

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; and (ii) financial services and others.

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 of the Issuer.

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

DEFINITIONS

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

“2017 Announcement”	the announcement of the Company dated 30 August 2017 in relation to the Subscription
“2019 Announcement”	the announcement of the Company dated 30 August 2019 in relation to, among other things, the First Supplemental Deed
“2019 Circular”	the circular of the Company dated 4 October 2019 in relation to, among other things, the First Supplemental Deed
“Amended Maturity Date”	30 August 2021 (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 Second Supplemental Deed
“Amendments”	the proposed amendments to the Terms and Conditions as set out in the Second Supplemental Deed
“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 SECOND SUPPLEMENTAL DEED” in this announcement
“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 Bond Certificate (together with the Terms and Conditions), of which the aggregate principal amount of HK\$144,000,000 remains outstanding as at the date of this announcement

“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)
“Company”	Huarong Investment Stock Corporation Limited (華融投資股份有限公司), 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 Second Supplemental Deed and the Amendments, which are set out in the sub-section headed “Conditions Precedent” under the section headed “SECOND SUPPLEMENTAL DEED TO TERMS AND CONDITIONS” in this announcement
“Confirmation Deed”	the deed of confirmation dated 27 March 2020 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
“First Supplemental Deed”	the supplemental deed dated 30 August 2019 and executed by the Issuer by way of deed poll in favour of the Bondholder amending and supplementing certain 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
“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 date of this announcement

“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 and 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 date of the this announcement
“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
“Interest Payment Date”	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 SECOND SUPPLEMENTAL DEED” in this announcement
“Issue Date”	31 August 2017
“Issuer”	Intrend Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“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 date of the this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 SECOND SUPPLEMENTAL DEED” in this announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, 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 SECOND SUPPLEMENTAL DEED” in this announcement

“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 issued share capital of the Company as at the date of this announcement
“Second Supplemental Deed”	the supplemental deed dated 27 March 2020 and executed by the Issuer by way of deed poll in favour of the Bondholder in relation to, among other things, the Amendments
“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
“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
“Terms and Conditions”	the terms and conditions constituting the Bonds, as amended and supplemented from time to time
“%”	per cent.

By order of the Board
Huarong Investment Stock Corporation Limited
Yu Meng
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Yu Meng, Mr. Xu Xiaowu and Mr. Chen Qinghua; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai and Dr. Lam Lee G.