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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)

**DISCLOSEABLE TRANSACTION
FURTHER SUBSCRIPTION IN SHARES OF
SEGREGATED PORTFOLIO COMPANY**

THE FURTHER INVESTMENT

On 10 April 2018, the Subscriber and the Segregated Portfolio Company, for the account of the Segregated Portfolio, entered into the Additional Subscription Agreement, pursuant to which the Subscriber has agreed to further subscribe for Class A Participating Shares in the Segregated Portfolio Company in relation to the Segregated Portfolio at a total consideration of US\$100,000,000. The Segregated Portfolio will continue to be managed by the Manager. The parties and the Manager further agreed to amend certain terms in the PPM in relation to the Further Investment. The principal terms of the Further Investment remain the same as those set out in the Announcement saved for the amendments as set out below in the section headed “Terms of the Segregated Portfolio”.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Further Investment when aggregated with the Investment exceed(s) 5% but all of them are less than 25%, the Further Investment and the Investment together constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the announcement of the Company dated 5 December 2017 (the “**Announcement**”) in relation to, among others, the Investment.

THE FURTHER INVESTMENT

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The parties and the Manager further agreed to amend certain terms in the PPM in relation to the Further Investment. The principal terms of the Further Investment remain the same as those set out in the Announcement saved for the amendments as set out below in the section headed “Terms of the Segregated Portfolio”.

Principal Amount of the Further Investment

Pursuant to the Additional Subscription Agreement, the Subscriber has agreed to further subscribe for Class A Participating Shares in the Segregated Portfolio Company in relation to the Segregated Portfolio at a total consideration of US\$100,000,000. The Subscriber is not entitled to appoint any director to the board of the Segregated Portfolio Company.

Source of Funding

The principal amount of the Further Investment has been determined upon commercial negotiation between the parties to the Additional Subscription Agreement. The Further Investment will be satisfied by the internal resources of the Group.

TERMS OF THE SEGREGATED PORTFOLIO

The principal terms of the Segregated Portfolio under the PPM and the Supplement remain the same as those set out in the Announcement save for the amendments set out below.

Top-up Subscription

In the event that the net asset value of the Segregated Portfolio falls below 80% but not less than 75% of the original total subscription amounts of all Participating Shares in the Segregated Portfolio (the “**Top-Up Trigger Incident**”), the Manager shall promptly issue a notice to the shareholders of Participating Shares, the Guarantors and the Investment Advisor, and shall request for the holders of Class B Participating Shares to compulsorily subscribe for additional Class B Participating Shares within three (3) Trading Days from the date of occurrence of the Top-Up Trigger Incident (the “**Top-Up Subscription**”). The notice to the shareholders of Participating Shares, and each relevant Guarantor will specify the additional subscription amount required from the holders of Class B Participating Shares in order for the net asset value of the Segregated Portfolio to return to the value of 100% of the original subscription amounts of all Participating Shares in the Segregated Portfolio.

If the holders of Class B Participating Shares fail to either partially or fully pay for the Top-Up Subscription within the stipulated timeframe, the relevant Guarantor according to the relevant deed of guarantee, shall either (i) pay a portion or all of the Top-Up Subscription, or (ii) purchase any remaining Class A Participating Shares from the holder(s) of the relevant Class A Participating Shares, as the case may be (at a price not less than the relevant subscription amount of such Class A Participating Shares plus the Preference Return at the rate payable in the relevant year) within three (3) Trading Days from the date of the Top-Up Trigger Incident.

Stop-Loss Trigger Incidents

In addition to the incidents as disclosed in the Announcement, the following incident shall also be considered as a “Stop-Loss Trigger Incident”:

- if the Top-Up Trigger Incident has occurred, but the holders of Class B Participating Shares and/or the Guarantor(s) fail to fully pay for the Top-Up Subscription.

In the event of the occurrence of a Stop-Loss Trigger Incident, the Manager will promptly issue a notice to the shareholders of Participating Shares, each relevant Guarantor and the Investment Advisor, and shall request for the holders of Class B Participating Shares to purchase all of the Class A Participating Shares from the holder(s) of Class A Participating Shares within three (3) Trading Days from the date of the occurrence of the Stop-Loss Trigger Incident, at a price not less than the relevant subscription amount of such relevant Class A Participating Shares plus the relevant Preference Return at the rate payable in the relevant year.

If the holders of Class B Participating Shares fail(s) to fully purchase all of the Class A Participating Shares from the holder(s) of Class A Participating Shares within the stipulated timeframe, the relevant Guarantor shall purchase any remaining Class A Participating Shares from the holder(s) of the relevant Class A Participating Shares (at a price not less than the relevant subscription amount of such relevant Class A Participating Shares plus the relevant Preference Return at the rate payable in the relevant year) within three (3) Trading Days from the date of the notice.

Distribution Policy

The Segregated Portfolio shall distribute the Preference Return for Class A Participating Shares annually subject to applicable laws and after deduction of the relevant expenses, interests and other applicable operational costs relating to the Segregated Portfolio as reasonably determined by the directors of the Segregated Portfolio Company. The Preference Return and the Profit Return with respect to the Class A Participating Shares shall be determined based on the net asset value of the Segregated Portfolio of the last Trading Day of November and distributed to the holders of Class A Participating Shares within fifteen (15) calendar days after 30 November of each calendar year.

In the event that the holders of the Class A Participating Shares fail to receive the full amount of the Preference Return on the relevant distribution date, the relevant Guarantor(s) shall pay the relevant shortfall to the holders of Class A Participating Shares within five (5) Trading Days from the date of the payment or intended payment of the Preference Return (i.e. 15 December on each calendar year).

Unless otherwise determined by the directors of the Segregated Portfolio Company at their sole discretion, the directors of the Segregated Portfolio Company does not intend to pay any other distributions apart from the distribution of the Preference Return and Profit Return to the holders of Class A Participating Shares. Any other profits or proceeds received by the Segregated Portfolio relating to disposal of investments will be re-invested. The directors of the Segregated Portfolio Company may make distributions out of capital or effectively out of capital.

Investment Restrictions

The Segregated Portfolio is subject to certain investment restrictions which shall be applicable only to investments made by the Segregated Portfolio after the date of the Further Investment.

Share Class Rights

In addition to the priority of Class A Participating Shares over Class B Participating Shares in receiving investment returns and the relevant asset allocation and/or adjustments between the two share classes (as set out under the Supplement), each of the Segregated Portfolio Company, the holders of Class A Participating Shares and the holders of Class B Participating Shares has agreed that in circumstances where after the assets attributable to the Class B Participating Shares have been applied towards the assets attributable to the Class A Participating Shares, the assets attributable to the Class B Participating Shares still falls short of the Preference Return allocable to the Class A Participating Shares subsequently subscribed for after the Initial Offer Period, then the holders of Class B Participating Shares shall pay the shortfall of the amount for Class A Participating Shares' Preference Return to the holders of Class A Participating Shares.

FURTHER DEED OF GUARANTEE

Bo Run has executed the Further Deed of Guarantee on 10 April 2018 in favour of the Subscriber as the holder of the Class A Participating Shares in the Segregated Portfolio Company in relation to the Segregated Portfolio, pursuant to which Bo Run has agreed to guarantee and indemnify the Subscriber, in respect of the obligations to the Subscriber of each of (i) the Segregated Portfolio Company acting for and on behalf of and the account of the Segregated Portfolio, and (ii) Bo Run in its capacity as the holders of Class B Participating Shares, in connection with the Further Investment under the Supplement. If the Segregated Portfolio Company acting for and on behalf of and the account of the Segregated Portfolio and Bo Run in its capacity as the holders of Class B Participating Shares do not comply with their respective obligations in connection with the Further Investment on time and in accordance with the PPM and the Supplement, then Bo Run as the Subsequent Guarantor, agrees to comply with those obligations in connection with the Further Investment (or to pay the amount of any shortfall) within the stipulated timeframes in accordance with the PPM and the Supplement.

INFORMATION ON THE SEGREGATED PORTFOLIO COMPANY

The Segregated Portfolio Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability on 15 February 2016. The Segregated Portfolio Company is registered as a "segregated portfolio company" with the Registrar of Companies of the Cayman Islands. The Segregated Portfolio Company has appointed the Manager as its investment manager.

As at 28 February 2018, the Segregated Portfolio has an unaudited net asset value of US\$101.23 per Class A Participating Share.

INFORMATION OF THE MANAGER

The Manager is a company incorporated in Hong Kong with limited liability on 22 August 2012 and is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in the SFO. The Manager has appointed the Investment Advisor as its investment advisor in respect of the Segregated Portfolio.

INFORMATION ON CYPRESS (HK) AND BO RUN

Cypress (HK) is a company incorporated in Hong Kong with limited liability on 31 July 2015 and is an investment holding entity.

To the Company's knowledge, on 10 April 2018, Bo Run, a company owned as to 40% by the Company, 40% by Cypress (HK) and 20% by Haoshun Group Limited (浩順集團有限公司), has agreed to subscribe for Class B Participating Shares in the Segregated Portfolio Company in relation to the Segregated Portfolio at a total consideration of US\$33,333,333.

Bo Run is a company incorporated in Hong Kong with limited liability on 13 February 2017. The principal business of Bo Run is investment holding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for disclosed above, the Segregated Portfolio Company, the Manager, Cypress (HK), Bo Run and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE SUBSCRIBER, THE INVESTMENT ADVISOR AND THE GROUP

The Subscriber is an investment holding company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company.

The Investment Advisor is a company incorporated in Hong Kong with limited liability on 16 February 1995 and is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO.

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.

REASONS FOR AND BENEFITS OF THE FURTHER INVESTMENT

The Company has endeavored in exploring opportunities for potential investments with a view to generating periodic income. The Company is of the view that the Further Investment, together with the Investment, provide the Group with a good opportunity to expand and diversify its investment portfolio. Having considered the investment objectives and strategies of the Segregated Portfolio, the Company believes that the Further Investment, together with the Investment, are expected to provide satisfactory and reasonable return to the Group.

In light of the above, the Board considers that the terms of the Further Investment under the Additional Subscription Agreement and the Further Deed of Guarantee are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Further Investment when aggregated with the Investment exceed(s) 5% but all of them are less than 25%, the Further Investment and the Investment together constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Additional Share Subscription”	the additional subscription of Class A Participating Shares of the Segregated Portfolio Company in relation to the Segregated Portfolio on 10 April 2018 pursuant to the Additional Subscription Agreement at a total consideration of US\$100,000,000
“Additional Subscription Agreement”	the additional subscription agreement dated 10 April 2018 entered into between the Subscriber and the Segregated Portfolio Company in relation to the Additional Share Subscription
“Board”	the board of Directors
“Bo Run”	Hua Rong Bo Run International Investment Holdings Limited (華融柏潤國際投資控股有限公司), a company incorporated in Hong Kong with limited liability on 13 February 2017
“Class A Participating Shares”	non-voting class A participating shares in the capital of the Segregated Portfolio Company in relation to the Segregated Portfolio
“Class B Net Return”	the net asset value of the Segregated Portfolio (net of the advisory fee, operating fees, costs and expenses of the Segregated Portfolio) less the sum of (i) the relevant subscription amount of the Participating Shares subscribed under each subscription and not redeemed in the Segregated Portfolio; and (ii) the aggregate of the Preference Return paid or accrued for Class A Participating Shares

“Class B Participating Shares”	non-voting class B participating shares in the capital of the Segregated Portfolio Company in relation to the Segregated Portfolio
“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, whose issued shares are listed on the Main Board of the Stock Exchange (Stock code: 993)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cypress (HK)”	Cypress (HK) Company Limited, (香港柏潤發展有限公司) a company incorporated under the laws of Hong Kong with limited liability on 31 July 2015
“Director(s)”	the director(s) of the Company
“Further Deed of Guarantee”	the deed of guarantee dated 10 April 2018 executed by Bo Run in favour of the Subscriber guaranteeing the obligations of each of (i) Segregated Portfolio Company acting for and on behalf of and for the account of the Segregated Portfolio and (ii) Bo Run in its capacity as the holders of Class B Participating Shares in connection with the Further Investment under the Supplement
“Further Investment”	the further investment pursuant to the Additional Subscription Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	means, each of the Initial Guarantor and the Subsequent Guarantor, collectively the “ Guarantors ”
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Guarantor”	Cypress (HK) Company Limited, being the guarantor in favour of the holder of Class A Participating Shares (in the case of the relevant Class A Participating Shares subscribed for during the Initial Offer Period)
“Initial Offer Period”	the initial offer period for Participating Shares in the Segregated Portfolio is from 30 November 2017 to 6 December 2017
“Investment”	the investment pursuant to the Subscription Agreement

“Investment Advisor”	Huarong International Securities Limited (華融國際證券有限公司), a company incorporated in Hong Kong with limited liability on 16 February 1995 and is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	China Securities (International) Asset Management Company Limited (中信建投(國際)資產管理有限公司), a company incorporated in Hong Kong with limited liability on 22 August 2012 and is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in the SFO
“Participating Shares”	Class A Participating Shares and Class B Participating Shares
“PPM”	the private placement memorandum dated November 2017 of the Segregated Portfolio Company (as amended)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Preference Return”	(i) in the first year of subscription of the relevant Class A Participating Shares, a preference return of 6% per annum of the relevant subscription price per share; and (ii) from the second year of subscription of the relevant Class A Participating Shares onwards until termination of the Segregated Portfolio, a preference return of 7% per annum of the relevant subscription price per share
“Profit Hurdle Rate”	where the Class B Net Return divided by the relevant subscription amount of the relevant Class B Participating Shares subscribed for in the relevant subscription and not redeemed, exceeds 10%
“Profit Return”	10% of the Class B Net Return
“Segregated Portfolio”	CSCI Special Opportunities Fund SP, a segregated portfolio created by the Segregated Portfolio Company

“Segregated Portfolio Company”	CSCI (Cayman) Fund SPC (中信建投(開曼)獨立投資組合基金), a segregated portfolio company incorporated under the laws of the Cayman Islands, the share capital of which is divided into management shares and participating shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the issued share(s) of the Company
“Share Subscription”	the subscription of 1,000,000 Class A Participating Shares of the Segregated Portfolio Company in relation to the Segregated Portfolio on 5 December 2017 pursuant to the Subscription Agreement at a subscription price of US\$100,000,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beaverway Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription Agreement”	the subscription agreement dated 5 December 2017 entered into between the Subscriber and the Segregated Portfolio Company in relation to the Share Subscription
“Subsequent Guarantor”	Bo Run, being the guarantor in favour of the Subscriber as the holder of Class A Participating Shares (in case of the relevant Class A Participating Shares subsequently subscribed for after the Initial Offer Period)
“Supplement”	the supplement in respect of the Segregated Portfolio (as amended in April 2018)
“Trading Day”	any day on which banks in Hong Kong are open for general business, excluding Saturdays and Sundays or a gazette public holiday, and days on which banks in Hong Kong are open for a shorter time as a result of a typhoon signal 8 or above or a black rainstorm signal or similar event, unless the directors of the Segregated Portfolio Company determines otherwise
“US”	United States of America

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

“%” per cent.

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

Hong Kong, 10 April 2018

As at the date of this announcement, the executive directors of the Company are Mr. Wang Qiang, Mr. Lai Jinyu and Dr. Niu Shaofeng and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Guan Huanfei.