

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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  
PROPOSED AMENDMENTS OF  
THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

**SUPPLEMENTAL DEED RELATING TO THE CONVERTIBLE BONDS**

On 28 September 2018 (after trading hours), the Issuer executed the Supplemental Deed by way of deed poll pursuant to which the Issuer agreed to amend certain terms and conditions of the Convertible Bonds. The Issuer and the Subscriber also executed the Deed of Undertaking pursuant to which the Issuer undertook to perform certain obligations to facilitate the Amendment of Conditions.

**IMPLICATIONS UNDER THE LISTING RULES**

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Supplemental Deed, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Supplemental Deed. The Company has obtained a written shareholder's approval from Right Select International Limited, the controlling Shareholder holding approximately 50.99% of the total issued shares of the Company as at the date of this announcement, in lieu of holding a general meeting to approve the Supplemental Deed and the transactions contemplated therein in accordance with Rule 14.44 of the Listing Rules.

## **GENERAL**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other matters, further information on the Supplemental Deed and the transactions contemplated therein shall be despatched within 15 business days after publication of this announcement (i.e. on or before 23 October 2018).

## **INTRODUCTION**

References are made to the Announcement dated 24 August 2017 in relation to the subscription of the Convertible Bonds. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 24 August 2018 (after trading hours), the Subscriber entered into the Subscription Agreement with the Issuer in relation to the subscription of the Convertible Bonds in an aggregate principal amount of HK\$437,000,000, which entitles the Subscriber to convert 1,028,235,294 Conversion Shares at the initial conversion price (subject to adjustment) of HK\$0.425 per Share upon full exercise of the conversion rights attached to the Convertible Bonds.

As at the date of this announcement, part of the Convertible Bonds have been converted in the sum of HK\$7,803,000 and 18,360,000 Shares have been issued and allotted to the nominee of the Subscriber. After such conversion, the remaining principal amount of the Convertible Bonds is HK\$429,197,000.

## **THE SUPPLEMENTAL DEED RELATING TO THE CONVERTIBLE BONDS AND THE DEED OF UNDERTAKING**

On 28 September 2018 (after trading hours), the Issuer executed the Supplemental Deed by way of deed poll pursuant to which the Issuer agreed to amend certain terms and conditions of the Convertible Bonds. The Issuer and the Subscriber also executed the Deed of Undertaking pursuant to which the Issuer undertook to perform certain obligations to facilitate the Amendment of Conditions.

Major terms of the Supplemental Deed are set out below:

Date: 28 September 2018

Party: Executed by the Issuer

- Effective Date: The Supplemental Deed shall be effective on which all of the following events have occurred:
- (i) the Stock Exchange has granted its approval for Amendment of Conditions pursuant to Rule 28.05 of the Listing Rule;
  - (ii) the Listing Committee of the Stock Exchange has granted its approval regarding the listing of, and a permission to deal in, the additional Conversion Shares to be issued by the Issuer, if required;
  - (iii) the shareholders of the Issuer have granted their specific approval regarding the additional Conversion Shares to be issued by the Issuer and the Amendment of Conditions; and
  - (iv) the Convertible Bonds Holders having passed a written resolution to approve the Amendment of Conditions.

The Supplemental Deed amends, supplements and restates the Convertible Bonds Instrument. Below is the comparison of differences between the original conditions and the Amendment of Conditions as contemplated under the Supplemental Deed:

	<b>Original Conditions</b>	<b>Amendment of Conditions as contemplated under the Supplemental Deed</b>
<b>Interest Rate</b>	4% per annum payable semi-annually in arrears.	4% per annum and (on and after the Effective Date (as defined herein)) 7% per annum payable semi-annually in arrears.
<b>Conversion Price</b>	HK\$0.425 per Share subject to any adjustment from time to time, in accordance with the Convertible Bonds.	HK\$0.065 per Share and subject to any adjustment, from time to time, in accordance with the Convertible Bonds.

	<b>Original Conditions</b>	<b>Amendment of Conditions as contemplated under the Supplemental Deed</b>
<b>Conversion Shares</b>	<p>Upon full conversion of the Convertible Bonds at the conversion price of HK\$0.425, an aggregate of 1,028,235,294 Conversion Shares will be allotted and issued pursuant to the Convertible Bonds Instrument.</p> <p>Such number of Conversion Shares represents approximately 6.55% of the issued share capital of the Issuer as at the date of this announcement and approximately 6.15% of the issued share capital of the Issuer as enlarged by the Conversion Shares.</p>	<p>Upon conversion of the Convertible Bonds in the remaining principal amount of HK\$429,197,000 at the Conversion Price of HK\$0.065, an aggregate of 6,603,030,769 Conversion Shares will be allotted and issued pursuant to the Convertible Bonds Instrument.</p> <p>Such number of Conversion Shares represents approximately 42.11% of the issued share capital of the Issuer as at the date of this announcement and approximately 29.63% of the issued share capital of the Issuer as enlarged by the Conversion Shares.</p>
<b>Transferability of Convertible Bonds</b>	<p>The Convertible Bonds shall not be transferred to any third party without the prior written consent of the Issuer.</p>	<p>The Convertible Bonds are freely transferable by the Convertible Bonds Holders.</p>

Save as disclosed above, the principal terms of the Convertible Bonds as disclosed in the Announcement remain unchanged and are still in full force and effect.

Major terms of the Deed of Undertaking are set out below:

Date: 28 September 2018

Parties: (a) the Issuer; and  
(b) the Subscriber.

Major undertakings: The Issuer irrevocably and unconditionally agrees and undertakes with the Subscriber that:

- (a) it will (i) within ten (10) Business Days from the date of the Supplemental Deed, pay to the Subscriber an administration fee in the sum of HK\$6,000,000; and (ii) on the Maturity Date or the Early Redemption Date or the date on which any Convertible Bonds Holder gives notice to the Issuer that the Convertible Bonds become immediately due and repayable as a result of the occurrence and continuance of an event of default (whichever occurs first), pay to the Subscriber another administration fee in the sum of HK\$6,000,000. Such administration fees are non-refundable and shall be paid in immediately available funds to the account specified by the Subscriber for this purpose; and
- (b) it will use its reasonable efforts to procure that, on or before 29 March 2019:
  - (i) the Stock Exchange has granted its approval for the Amendment of Conditions pursuant to Rule 28.05 of the Listing Rule; and
  - (ii) the Listing Committee of the Stock Exchange has granted its approval regarding the listing of, and a permission to deal in, the additional Conversion Shares to be issued by the Issuer, if required.

## **REASONS FOR THE AMENDMENT OF CONDITIONS**

In light of the recent performance of the market price of the shares of the Issuer and after good faith negotiations between the Issuer and the Subscriber, the Issuer has agreed to execute the Supplemental Deed and Deed of Undertaking. The Conversion Price was determined by the parties after arm's length negotiations with reference to, among others, the current market price of the Shares. The Amendment of Conditions not only enables the Subscriber to generate more income, but also provides the Subscriber with better flexibility to manage its investment portfolio.

Having considered the above, the Directors are of the view that the Supplemental Deed and the Deed of Undertaking are entered into on normal commercial terms, and the terms set out in the Supplemental Deed and the Deed of Undertaking are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no shareholder of the Company or any of their respective associates have any material interest in the Supplemental Deed, thus no shareholder of the Company is required to abstain from voting if the Company was to convene a general meeting for the approval of the Supplemental Deed. The Company has obtained a written shareholder's approval from Right Select International Limited, the controlling shareholder holding approximately 50.99% of the total issued shares of the Company as at the date of this announcement, in lieu of holding a general meeting to approve the Supplemental Deed and the transactions contemplated therein in accordance with Rule 14.44 of the Listing Rules.

## **GENERAL**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other matters, further information on the Supplemental Deed and the transactions contemplated therein shall be despatched within 15 business days after publication of this announcement (i.e. on or before 23 October 2018).

## INFORMATION OF THE PARTIES

### **The Subscriber and the Group**

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

The Group is principally engaged in the (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services.

### **The Issuer and the Security Provider**

The Issuer is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, the provision of factor and finance leasing services as well as investment holding.

Freeman Securities is a company incorporated in Hong Kong with limited liability. Freeman Securities is a wholly-owned subsidiary of the Issuer principally engaged in the provision of securities brokerage services, the provision of placing, underwriting and margin financing, investment holding and trading of securities.

As at the date of this announcement, part of the Convertible Bonds have been converted in the sum of HK\$7,803,000 and 18,360,000 Shares have been issued and allotted to the nominee of the Subscriber. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and based on the information currently available, a subsidiary of China Huarong Asset Management Co., Ltd. ("**Huarong Asset Management**"), the ultimate holding company of the Group, held certain convertible bonds issued by the Issuer in the principal amount of US\$100,000,000, of which part of the convertible bonds held by Huarong Asset Management have been converted in the sum of US\$1,000,000 and 18,352,941 Shares have been issued and allotted to Huarong Asset Management. Save as disclosed above, the Company and its connected persons are not interested in the shares or underlying shares of the Issuer as at the date of this announcement. Accordingly, the Issuer, the Security Provider and their ultimate beneficial owner(s) are Independent Third Parties.

## DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Amendment of Conditions”	the proposed amendment of certain terms and conditions of the Convertible Bonds pursuant to the Supplemental Deed
“Announcement”	the announcement published by the Company on 24 August 2017 in relation to the Subscription
“Board”	the board of Directors
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding a Saturday, Sunday or public holiday or any day in Hong Kong on which a typhoon signal number 8 or above or a “black rainstorm warning signal” is hoisted at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Huarong Investment Stock Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2277)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bond(s)”	the secured convertible bonds created and constituted by the Convertible Bonds Instrument and any deed poll supplemental thereto and issued with the benefit of and subject to the provision of the Convertible Bonds Instrument in the aggregate principal amount of HK\$437,000,000
“Convertible Bonds Holder(s)”	holder(s) of Convertible Bond(s) and in whose name such Convertible Bonds is for the time being registered in the Convertible Bonds register (or, in the case of a joint holding, the first named thereof)
“Convertible Bonds Instrument”	the instrument by way of deed poll executed by the Issuer on 2 September 2017 creating and constituting the Convertible Bonds
“Conversion”	the exercise of all the conversion rights attached to the Convertible Bonds in full

“Conversion Price”	HK\$0.065 per Share (subject any adjustment from time to time)
“Conversion Share(s)”	the Share(s) issued upon exercise of the right of Convertible Bonds Holders given to them to convert the Convertible Bonds into fully-paid Shares pursuant to the terms of the Convertible Bonds Instrument
“Deed of Undertaking”	the deed of undertaking dated 28 September 2018 entered by and between the Issuer and the Subscriber pursuant to which the Issuer undertook to perform certain obligations to facilitate the Amendment of Conditions
“Directors”	directors of the Company
“Early Redemption Date”	upon the Supplemental Deed becomes effective, the date specified by the Issuer in its notice for early redemption of the Convertible Bonds
“Freeman Securities”	Freeman Securities Limited (民眾證券有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Issuer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	Freeman FinTech Corporation Limited, a company with limited liability incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 279)
“Issue Date”	12 September 2017, being the date on which completion of the Subscription Agreement took place and the Convertible Bonds were issued in accordance with the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maturity Date”	means the date falling on the second anniversary of the Issue Date (the “ <b>Initial Maturity Date</b> ”), provided that the Issuer may designate, with the approval and passing of an extraordinary resolution or a written resolution by the Convertible Bonds Holders, (a) the third anniversary of the Issue Date (the “ <b>Updated Maturity Date</b> ”) as the Maturity Date by written notice to the Convertible Bonds Holders at least thirty (30) days before the Initial Maturity Date; and (b) the fourth anniversary of the Issue Date as the Maturity Date by written notice to the Convertible Bonds Holders at least thirty days before the Updated Maturity Date, in each case if such date is not a Business Day, the Business Day immediately following such date;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Issuer or shares of any class or classes resulting from any sub-division, consolidation, re-classification or reconstruction of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Cheery Plus Limited (添樂有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Bonds of the Issuer in accordance with the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 24 August 2017 entered into between the Issuer and the Subscriber in relation to the Subscription
“Supplemental Deed”	the supplemental deed by way of deed poll to the Convertible Bonds Instrument executed by the Issuer on 28 September 2018 in relation to the Amendment of Conditions

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

“%” per cent.

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

Hong Kong, 28 September 2018

*As at the date of this announcement, the executive Directors are Mr. Qin Ling, Mr. Zhang Fan, Mr. Liu Xiguang and Mr. Kwan Wai Ming; the non-executive Director is Ms. Lin Xueqin; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai, Dr. Lam Lee G. and Dr. Fang Fuqian.*