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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
SUBSCRIPTION IN SHARES OF SEGREGATED
PORTFOLIO COMPANY AND MUTUAL FUND**

THE INVESTMENTS

The Board announces that, on 19 April 2017, the Subscriber, a wholly-owned subsidiary of the Company, entered into (1) the SP Share Subscription Agreement with the Segregated Portfolio Company, pursuant to which the Company has agreed to subscribe for 400,000 SP Participating Shares at a total consideration of US\$40,000,000 in the Segregated Portfolio of the Segregated Portfolio Company, and (2) the Fund Subscription Agreement with the Mutual Fund, pursuant to which the Company has agreed to subscribe for 199,973 Fund Participating Shares of the Mutual Fund at a total consideration of US\$20,000,000. The Segregated Portfolio and the Mutual Fund are managed by the Manager. The investment objectives of the Segregated Portfolio and the Mutual Fund are set out in the section headed “Investment Objectives” in this announcement.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Investments, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceed 5% but all percentage ratios are less than 25%, the Investments 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.

THE INVESTMENTS

On 19 April 2017, the Subscriber and the Segregated Portfolio Company, for the account of the Segregated Portfolio, entered into the SP Share Subscription Agreement. On the same day, the Subscriber and the Mutual Fund entered into the Fund Subscription Agreement. The principal terms of these Investments are set out below.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Segregated Portfolio Company, the Mutual Fund, the Manager and their respective ultimate beneficial owners are Independent Third Parties.

Investment and Principal Amount

Pursuant to the SP Share Subscription Agreement, the Company has agreed to subscribe for 400,000 SP Participating Shares at a total consideration of US\$40,000,000. The Company is not entitled to appoint any directors to the board of the Segregated Portfolio Company.

Pursuant to the Fund Subscription Agreement, the Company has agreed to subscribe for 199,973 Fund Participating Shares at a total consideration of US\$20,000,000. The Company is not entitled to appoint any directors to the board of the Mutual Fund.

Source of Funding

The amount of the Investments has been determined upon commercial negotiation between the parties to the respective Subscription Agreements. The Investments will be satisfied by the internal resources of the Company.

Investment Objectives

The overall investment objectives of the Segregated Portfolio Company and the Mutual Fund are to achieve investment returns and capital appreciation through generation of income and/or capital gains.

Investment Strategies and Investment Restrictions

The power to make investment decisions under both the Segregated Portfolio and the Mutual Fund rests with the Manager. The Manager intends to procure the Segregated Portfolio and the Mutual Fund to invest in USD-denominated investment-grade bonds issued by Chinese SOE or SOE-linked issuers that are listed in Hong Kong or Singapore.

There are restrictions on the Manager's choice of investments under both the Segregated Portfolio and the Mutual Fund. Such restrictions prevent the Manager from investing in bonds which issuers operate in certain industries, and imposes certain limit and requirements on investment yield and term of the bonds.

Both the Segregated Portfolio and the Mutual Fund will be employing leverage for investment purposes to increase returns on investments with borrowed funds. In the case of high risk, the Manager may appropriately reduce the level of leverage at their discretion in accordance with the terms of the Subscription Agreements.

Investment Stages and Distribution of Investment Returns

The Manager shall manage the Segregated Portfolio and the Mutual Fund with an initial investment period of three years from the Initial Closing Date, followed by a divestment period of two years following the expiration of the investment period. Cash received by the Segregated Portfolio and the Mutual Fund generally will be allocated among the shareholders in proportion to their respective holding of Participating Shares by way of dividend declared on Participating Shares held by their respective shareholders. Generally, distributions of cash allocated to shareholders will be made by the Segregated Portfolio and the Mutual Fund on a semi-annual basis following receipt of corresponding coupon payments from the underlying investments.

The Manager is expected to liquidate all remaining investments and return the proceeds after the expiration of the divestment period in accordance with the terms of the respective Subscription Agreements.

Transfer of Participating Shares

The Participating Shares may be transferred with the approval of the directors of the Segregated Portfolio Company or the Mutual Fund by an instrument of transfer in writing in common form signed by (or in the case of a body corporate, signed on behalf of) the transferor. The directors of the Segregated Portfolio Company or the Mutual Fund may require the transferee to make certain declarations and provide certain confirmations in relation to such transfer and its holding of Participating Shares.

Redemption

The SP Participating Shares may be redeemed only at the option of the Segregated Portfolio Company and the Fund Participating Shares may be redeemed only at the option of the Mutual Fund. Shareholders of the Participating Shares do not have the right to redeem their Participating Shares. Subject to the Companies Law, the Segregated Portfolio Company or the Mutual Fund may, from time to time, in their sole and absolute discretion redeem any or all of a shareholder's Participating Shares by issuing a notice of redemption of such Participating Shares to a shareholder indicating the intention of the Segregated Portfolio Company or the Mutual Fund to redeem all or any part of such shareholder's holding of Participating Shares on a specified date. However, during the initial investment period of three years from the Initial Closing Date, it is not anticipated that the Participating Shares will be redeemed at the option of the Segregated Portfolio Company or the Mutual Fund.

Fees

There is no performance fee payable to the Manager.

The Segregated Portfolio Company acting for and on behalf of the Segregated Portfolio and the Mutual Fund, will pay to the Manager from each of the assets of the Segregated Portfolio and the Mutual Fund, a management fee for its investment management services, equal to (i) 1.0% per annum of the net asset value attributable to the Participating Shares for the first five (5) years from the Initial Closing Date, and (ii) 0.5% per annum of the net asset value attributable to the Participating Shares for the period after the expiry of the first five (5) years from the Initial Closing Date.

INFORMATION OF THE SEGREGATED PORTFOLIO COMPANY AND THE MUTUAL FUND

The Segregated Portfolio Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability on 20 July 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.

The Mutual Fund is an exempted company incorporated in the Cayman Islands on 20 July 2016. The Mutual Fund has appointed the Manager as its investment manager.

The Manager has agreed to adopt the same investment objectives, investment strategies and abide by the same set of investment restrictions for the purposes of managing both the Segregated Portfolio and the Mutual Fund.

INFORMATION OF THE MANAGER

The Manager is a company with limited liability incorporated in Hong Kong on 16 February 2016 and is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 9 (asset management) regulated activities as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INFORMATION OF THE SUBSCRIBER AND THE GROUP

The Subscriber is incorporated in Hong Kong as an investment holding company and is wholly-owned by the Company. 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 INVESTMENTS

The Company has endeavored in exploring opportunities for potential investments with a view to generating periodic income. The Directors are of the view that the Investments provide the Group with good opportunity to expand its investment portfolio with quality assets. Having considered the investment objectives and strategies of the Segregated Portfolio and the Mutual Fund, and the potential investment in Chinese SOE-linked bonds which have relatively low credit risk, the Directors are of the view that the SP Share Subscription and the Fund Share Subscription are attractive investment which will provide satisfactory and reasonable return. The Board believes that the terms of the Investments under the Subscription Agreements are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Investments, when aggregated pursuant to Rule 14.22 of the Listing Rules, exceed 5% but all percentage ratios are less than 25%, the Investments 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.

Shareholders and potential investors of the Company should be aware that completion of the Investments are subject to fulfilling the conditions of the Subscription Agreements. The Investments may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for business in Hong Kong
“Companies Law”	Companies Law of the Cayman Islands
“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)
“Director(s)”	the director(s) of the Company
“Fund Participating Shares”	the non-voting redeemable participating shares having a par value of US\$0.01 each in the capital of the Mutual Fund having the rights and being subject to the restrictions specified in the articles of association of the Mutual Fund and shall where the context permits include a fraction of a share
“Fund Share Subscription”	the subscription of the Fund Participating Shares by the Subscriber pursuant to the Fund Share Subscription Agreement
“Fund Share Subscription Agreement”	the subscription agreement dated 19 April 2017 entered into between the Subscriber and the Mutual Fund in relation to the Fund Share Subscription
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	individuals or companies not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Initial Closing Date”	20 April 2017 or such other time(s) and/or day(s) as the directors of the Segregated Portfolio Company or the Mutual Fund may in their sole discretion determine
“Investment(s)”	the investment(s) pursuant to the SP Share Subscription Agreement and the Fund Share Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Central China International Asset Management Company Limited (中州國際資產管理有限公司)
“Mutual Fund”	Central China Dragon Enhance Income Fund, an exempted company incorporated in the Cayman Islands and a mutual fund
“Participating Shares”	the SP Participating Shares and the Fund Participating Shares
“Segregated Portfolio”	Central China Dragon Growth Fund SP2, a segregated portfolio created by the Segregated Portfolio Company
“Segregated Portfolio Company”	Central China Dragon Growth Fund SPC, a segregated portfolio company incorporated in and under the laws of the Cayman Islands, the share capital of which is divided into management shares and participating shares
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares of the Company
“SOE”	state-owned enterprises
“SP Participating Shares”	non-voting participating shares in the capital of the Segregated Portfolio Company
“SP Share Subscription”	the subscription of 400,000 SP Participating Shares of the Segregated Portfolio Company on 19 April 2017 pursuant to the SP Share Subscription Agreement at a subscription price of US\$40,000,000
“SP Share Subscription Agreement”	the subscription agreement dated 19 April 2017 entered into between the Subscriber and the Segregated Portfolio Company in relation to the SP Share Subscription

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Skymart Global Limited (天進國際集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Subscription Agreements”	the SP Share Subscription Agreement and the Fund Share Subscription Agreement
“US\$”	United States dollar, the lawful currency of United States
“%”	per cent.

On behalf of the Board
Huarong International Financial Holdings Limited
Wang Qiang
Chairman

Hong Kong, 19 April 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wang Qiang, Mr. Lai Jinyu and Ms. Wang Wei, the non-executive director is Ms. Yu Xiaojing, and the independent non-executive directors are Dr. Wong Tin Yau Kelvin, Mr. Ma Lishan and Mr. Yeung Siu Keung.