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恒 投 證 券

HENGTOU SECURITIES

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))

(the “Company”)
(Stock Code: 01476)

CONNECTED TRANSACTION

SUBSCRIPTION OF ABS

SUBSCRIPTION OF ABS

The Board is pleased to announce that on 14 September 2021, the Company entered into the ABS Subscription Agreement with Tianfeng Asset Management. Pursuant to the ABS Subscription Agreement, the Company shall subscribe for the subordinated class of the ABS in the amount of RMB247.5 million, representing 15% of the total ABS issued under the ABS Scheme which will be traded on Shanghai Stock Exchange.

The ABS Scheme, through the Fund, holds the Target Company which in turn holds the Properties. Pursuant to the ABS Subscription Agreement, the ABS Holders will enjoy the economic benefits generated from the Properties.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Tianfeng Securities held approximately 26.49% of the Company's total issued share capital, and therefore is a substantial shareholder of the Company. For further details of Tianfeng Securities' shareholding in the Company, please refer to the announcement of the Company dated 13 April 2020. Tianfeng Asset Management is a wholly-owned subsidiary of Tianfeng Securities and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As such, the transactions contemplated under the ABS Subscription Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Subscription exceed 0.1% but are less than 5%, the Subscription and the transactions contemplated under the ABS Subscription Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ABS SUBSCRIPTION AGREEMENT

The principal terms of the ABS Subscription Agreement are set out below:

- Date:** 14 September 2021
- Parties:** the Company, as the subscriber; and
Tianfeng Asset Management, as the Scheme Manager
- Subscription amount:** subordinated class ABS in the amount of RMB247.5 million
- Term of investment:** an initial period of three years (Tianfeng Securities is entitled to an option to extend the term of the ABS Scheme for five times and each time extending the term of the ABS Scheme to another period of three years)

plus a disposal period (The disposal period is when the Scheme Manager (acting on behalf of the ABS Holders) disposes of the ABS Scheme or the assets of the ABS Scheme and distributes proceeds to the ABS Holders pursuant to the ABS Subscription Agreement. Such period will end (i) on the date after two years of the expiration of the term of the ABS Scheme or (ii) upon the completion of the distribution to the ABS Holders, whichever is earlier.)

Expected rate of return: (a) not exceeding 5% per annum of the amount of subscription and will be made annually; plus (b) excess return (if any) upon expiry of the ABS Scheme

the Company, being a holder of the subordinated class ABS, shall be designated and registered as the holder who is entitled to the remaining distributions of the ABS after deductions of relevant costs and expenses, and the required distributions to the senior class A and class B ABS Holders (i.e. the excess of rental income and management service fees generated from the underlying Properties after deductions of the interest and repayment of the principal and relevant expenses under the ABS Scheme)

Issuance and size of the offering: the ABS will be issued at face value of RMB100 per unit

the ABS issued under the ABS Scheme are divided into (i) the senior class A ABS in the amount of RMB950 million which accounts for 57.58% of the total issuance; (ii) the senior class B ABS in the amount of RMB250 million which accounts for 15.15% of the total issuance; and (iii) the subordinated class ABS in the amount of RMB450 million which accounts for 27.27% of the total issuance

Trading Platform: fixed return information platform of Shanghai Stock Exchange

MAJOR TRANSACTION DOCUMENTS UNDER THE ABS SCHEME

By signing the ABS Subscription Agreement, the Company agrees to the ancillary transaction documents listed in the prospectus of the ABS Scheme. Some of these ancillary transaction documents have been or are expected to be entered into by the Scheme Manager (on behalf of the ABS Holders) or the Fund Manager (on behalf of the holders of the Fund units).

Set out below is a summary of the major ancillary transaction documents listed in the prospectus of the ABS Scheme.

The Option to Extend Arrangement Agreement and Right of First Refusal Agreement

On 22 July 2021, Tianfeng Securities and the Scheme Manager (on behalf of the ABS Holders) entered into the Option to Extend Arrangement Agreement, pursuant to which Tianfeng Securities has the right to extend the term of the ABS Scheme before the three-year term by giving a notice to the Scheme Manager. Upon receiving such notice by the Scheme Manager, the ABS Scheme shall be extended for another three years. Tianfeng Securities shall be entitled to exercise such option to extend for five times.

On 22 July 2021, the Scheme Manager (on behalf of the of ABS Holders), the Fund Manager (on behalf of the holder of the Fund units) and Tianfeng Securities entered into the Right of First Refusal Agreement, pursuant to which Tianfeng Securities shall be entitled to purchase the following assets: (i) all of the ABS; (ii) all of the Fund units held by the ABS Scheme; (iii) all equity interest of the Target Company held by the Fund and all debts owed to the Fund by the Target Company; or (iv) the properties and other rights held by the Target Company. In the case where Tianfeng Securities has decided to exercise its right of first refusal, it shall give prior notice to the Scheme Manager in writing. If Tianfeng Securities does not exercise its right of first refusal within the period as agreed in the Right of First Refusal Agreement, the specific assets of the ABS Scheme shall be disposed in the market and the Scheme Manager or the general meeting of the ABS holders shall determine the disposal plan.

The Option to Extend Arrangement Agreement and the Right of First Refusal Agreement will take effect from the date when the ABS Scheme was established.

The Fund Unit Transfer Agreement

On 30 July 2021, Tianfeng Chuangxin, the Scheme Manager and the Fund Manager entered into the Fund Unit Transfer Agreement, pursuant to which Tianfeng Chuangxin shall transfer all the units it holds in the Fund to the Scheme Manager.

The financial results of the Fund will not be consolidated into the Company since it is unable to exercise control over the Fund with the 15% interest in the ABS Scheme.

The Ownership Exchange Agreement

According to the announcement published by Finance Street Holding on the website of the Shenzhen Stock Exchange on 28 January 2021, Finance Street Holding intended to dispose the Target Company and the Creditor's Right through a public solicitation of purchaser procedure at China Beijing Equity Exchange. The Fund Manager (on behalf of the holders of the Fund units), as potential purchaser, intends to participate such procedure and submit its bidding (according to the rules of China Beijing Equity Exchange, if applicable). Should the Fund Manager (on behalf of the holders of the Fund units) be accepted as the purchaser in the end, the Fund Manager (on behalf of

the holders of the Fund units) will enter into the Ownership Exchange Agreement with Finance Street Holding to purchase the Target Company and the Creditor's Right. If the Fund Manager (on behalf of the holders of the Fund units) is not successfully accepted as the purchaser, the ABS Scheme may be subject to termination in accordance with the ABS Subscription Agreement and the relevant transaction documents.

The financial results of the Target Company will not be consolidated into the Company since it is unable to exercise control over the Target Company with the 15% interest in the ABS Scheme.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

For the purpose of enhancing capital usage efficiency and improving capital operating revenue, the Company proposes to reasonably use internal idle funds to purchase financial products without affecting its normal business operation. The Company considers the income generated from the receipts of rental and service fees from the properties of the Target Company will be stable in the foreseeable future and the return of the subordinated class ABS is competitive as compared to similar financial products in the market.

The Directors (excluding the Directors who are required to abstain from voting, but including the independent non-executive Directors) considered that (i) the ABS Subscription Agreement was entered into on normal commercial terms and after arm's length negotiation and in the ordinary and usual course of business of the Company; (ii) the terms of the ABS Subscription Agreement are fair and reasonable; and (iii) the ABS Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Tianfeng Securities held approximately 26.49% of the Company's total issued share capital, and therefore is a substantial shareholder of the Company. For further details of Tianfeng Securities' shareholding in the Company, please refer to the announcement of the Company dated 13 April 2020. Tianfeng Asset Management is a wholly-owned subsidiary of Tianfeng Securities and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As such, the transactions contemplated under the ABS Subscription Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Subscription exceed 0.1% but are less than 5%, the Subscription and the transactions contemplated under the ABS Subscription Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the internal regulations relating to connected transactions of the Company, a Director who holds a position in a legal entity that can directly or indirectly control the counterparty of the connected transaction shall abstain from voting on the Board resolutions approving such transaction. Each of Mr. Yu Lei, Mr. Wang Linjing, Ms. Dong Hong and Ms. Gao Liang, being non-executive Directors of the Company, also holds certain positions in Tianfeng Securities, Finance Street Investment and/or Finance Street Holding who can directly or indirectly control counterparty of the ABS Subscription Agreement and the Ownership Exchange Agreement. To avoid any potential conflict of interest, each of them has abstained from voting on the Board resolution approving the ABS Subscription Agreement and the transactions contemplated thereunder (including the Ownership Exchange Agreement).

INFORMATION OF THE PARTIES INVOLVED IN THE ABS SCHEME

The Company

The Company is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange. The Company is principally engaged in the securities brokerage, securities investment consulting, proprietary securities and securities asset management business, etc.

The Scheme Manager and the ABS Scheme

The Scheme Manager is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of Tianfeng Securities and is principally engaged in the management business for securities assets.

The ABS Scheme is an asset-backed special scheme to be established and managed by the Scheme Manager to securitize the Properties by issuing the ABS to the ABS holders in the amount of RMB1.65 billion, which will be traded on the Shanghai Stock Exchange.

The Fund Manager and the Fund

The Fund Manager is a company established in the PRC with limited liability. It is principally engaged in the provision of investment management and related consulting services.

The Fund is a private fund established by the Fund Manager pursuant to the applicable laws in the PRC.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Fund Manager (including its ultimate beneficial owners) are parties independent of the Company and its connected persons (as defined in the Listing Rules).

Tianfeng Chuangxin

Tianfeng Chuangxin is a company established in the PRC with limited liability. It is a wholly-owned subsidiary of Tianfeng Securities and is principally engaged in the business of investment management.

Tianfeng Securities

Tianfeng Securities is a joint stock limited company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange. Tianfeng Securities is a substantial shareholder of the Company, holding approximately 26.49% of the total issued share capital of the Company and principally engaged in the business of securities brokerage, securities underwriting and sponsoring, securities investment consulting and financial advisory services, etc.

The Target Company, the Creditor's Right and the Properties

The Target Company is a company established in the PRC with limited liability and a wholly-owned subsidiary of Finance Street Holding. Finance Street Holding is a 30%-controlled company of SASAC Xicheng, which is a substantial shareholder of the Company. The Target Company is principally engaged in the provision of property management, etc.

Financial information of the Target Company

Based on the announcement published by Finance Street Holding on the website of Shenzhen Stock Exchange on 28 January 2021 and the announcement published on the official website of China Beijing Equity Exchange dated 18 August 2021 in relation to the proposed disposal of the Target Company, the audited financial information of the Target Company prepared in accordance with PRC GAAP for the relevant years were as follows:

	As of 31 December 2020 (RMB) (audited)	As of 31 December 2019 (RMB) (audited)
Total Asset	1,009,391,700	1,019,696,300
Total Liability	384,526,900	399,917,000
Net Asset	624,864,800	619,779,300

	For the year ended 31 December 2020 (RMB) (audited)	For the year ended 31 December 2019 (RMB) (audited)
Revenue	62,438,900	56,969,700
Operating Profit	40,011,500	217,135,000
Net Profit	30,028,000	164,916,900

According to the announcement published on the official website of China Beijing Equity Exchange dated 18 August 2021, the proposed disposal of the Target Company includes 100% equity of the Target Company and the Finance Street Holding's Creditor's Right to the Target Company of RMB164,787,419.35, which shall be transferred together pursuant to the Ownership Exchange Agreement. The total assets of the Target Company is RMB1,013,620,700 as of 31 May 2021 and the listing price of the transfer is RMB1,575,000,000, of which the listing price of 100% equity of the Target Company is RMB1,410,212,580.65, and the listing price of the Creditor's Right is RMB164,787,419.35.

Particulars of the Properties owned by the Target Company are as follows:

Property Location:	Block B and Block E of Desheng International Center, No.83, Deshengmenwai Avenue, Xicheng District, Beijing, the PRC
Total Construction Area:	38,045.57 square meters
Building Use:	Office, commercial, underground garage, ancillary rooms, parking lots, etc.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“ABS”	the asset-backed securities to be issued pursuant to the ABS Scheme
“ABS Holder(s)”	holder(s) of the ABS to be issued pursuant to the ABS Scheme

“ABS Scheme” or “Scheme”	the Tianfeng-Desheng Asset-backed Special Scheme (天風－得勝資產支持專項計劃) to be managed by the Scheme Manager to securitize the Properties by issuing the ABS to the ABS Holders in the amount of RMB1.65 billion
“ABS Subscription Agreement”	the subscription agreement (認購協議) (including appendices: the Scheme Guide (計劃說明書), the Risk Disclosure Letter (風險揭示書) and the Standard Terms of Tianfeng-Desheng Asset-backed Special Scheme (天風－得勝資產支持專項計劃標準條款)) dated 14 September 2021 and entered into between the Company (as a subscriber of the ABS) and Tianfeng Asset Management (as the manager of the ABS Scheme) in relation to the Subscription
“Board”	the board of Directors
“Company”	Hengtou Securities (恒投證券), a joint stock company incorporated in the PRC with limited liability on 28 December 1998 under the Chinese corporate name “恒泰證券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English) and the shares of which are listed on the Stock Exchange (stock code: 01476)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Street Group”	collectively, Finance Street Xihuan Properties, Finance Street Investment and Huarong Infrastructure, all being subsidiaries of SASAC Xicheng District
“Finance Street Holding”	Finance Street Holding Co., Ltd. (金融街控股股份有限公司), a joint stock limited liability company incorporated in the PRC on 18 June 1996 and listed on the Shenzhen Stock Exchange, and a 30%-controlled company of SASAC Xicheng
“Finance Street Investment”	Beijing Finance Street Investment (Group) Co., Ltd.* (北京金融街投資(集團)有限公司), formerly known as Beijing Finance Street Construction Group (北京金融街建設集團), a limited liability company established in the PRC on 29 May 1996, a subsidiary of SASAC Xicheng District and a shareholder of the Company

“Finance Street Xihuan Properties”	Beijing Finance Street Xihuan Properties Co., Ltd.* (北京金融街西環置業有限公司), formerly known as Beijing Xihuan Properties Co., Ltd.* (北京西環置業有限公司), a limited liability company established in the PRC on 14 December 1992 and a subsidiary of SASAC Xicheng District and a shareholder of the Company
“Fund”	Tianfeng Kailong – Desheng Private Equity Investment Fund* (天風凱龍—得勝私募股權投資基金)
“Fund Manager”	Kailong Equity Investment Management (Shanghai) Co., Ltd. (凱龍股權投資管理(上海)有限公司), a company established in the PRC with limited liability on 19 January 2011 and an independent third party
“Fund Unit Transfer Agreement”	the fund unit transfer agreement (基金份額轉讓協議) dated 30 July 2021 and entered into among Tianfeng Chuangxin (as the transferor), the Fund Manager (for the benefit of the Fund unit holder) and the Scheme Manager (for the benefit of the ABS Holders and as the transferee)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong Infrastructure”	Beijing Huarong Infrastructure Investment Co., Ltd. (北京華融基礎設施投資有限責任公司), a limited liability company established in the PRC on 23 May 2006, a subsidiary of SASAC Xicheng District and a shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Creditor’s Right”	the creditor’s right over the debt owed by Target Company to Finance Street Holding in the amount of RMB164,787,419.35
“Option to Extend Arrangement Agreement”	the option to extend arrangement agreement (展期安排協議) dated 22 July 2021 and entered into between Tianfeng Securities and the Scheme Manager (on behalf of the ABS Holders)

“PRC”	for the purpose of this announcement, the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the properties owned by the Target Company as further described in this announcement
“Ownership Exchange Agreement”	the ownership exchange agreement (產權交易合同), including its supplemental agreement, i.e. the equity right and creditor’s right transfer agreement, intended to be entered into between the Fund Manager (on behalf of the Fund unit holders and as the transferee), Finance Street Holding (as the transferor) and the Target Company in relation to the transfer of Target Company and the Creditor’s Right should the Fund Manager (on behalf of the holders of the Fund units) be accepted as the purchaser in the end
“Right of First Refusal Agreement”	the right of first refusal agreement (優先收購權協議) dated 22 July 2021 and entered into among the Scheme Manager (on behalf of the of ABS holders), the Fund Manager (on behalf of the Fund unit holder) and Tianfeng Securities
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC Xicheng”	the State-owned Assets Supervision and Administration Commission of Xicheng District People’s Government of Beijing Municipality (北京市西城區人民政府國有資產監督管理委員會), which indirectly controlled an aggregate of approximately 20.42% of issued share capital of the Company through Finance Street Group
“Scheme Manager” or “Tianfeng Asset Management”	Tianfeng (Shanghai) Securities Asset Management Co., Ltd.* (天風(上海)證券資產管理有限公司), a company established in the PRC with limited liability on 24 August 2020 and a wholly-owned subsidiary of Tianfeng Securities
“Shareholder(s)”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by the Company for the subordinated class of the ABS to be issued under the ABS Scheme in the amount of RMB247.5 million (representing 15% of the total issuance of the ABS) pursuant to ABS Subscription Agreement
“Target Company”	Beijing Desheng Investment Co., Ltd. (北京德勝投資有限責任公司), a company established in the PRC with limited liability on 4 July 2000 and a wholly-owned subsidiary of Finance Street Holding
“Tianfeng Chuangxin”	Tianfeng Chuangxin Investment Co., Ltd.* (天風創新投資有限公司), a company established in the PRC with limited liability on 14 December 2015 and a wholly-owned subsidiary of Tianfeng Securities
“Tianfeng Securities”	Tianfeng Securities Co., Ltd. (天風證券股份有限公司), a joint stock limited company incorporated in the PRC and listed on the Shanghai Stock Exchange, and a substantial shareholder of the Company
“%”	per cent.

* *for identification purpose only*

By order of the Board
Wu Yigang
Acting Chairman

Beijing, the PRC
14 September 2021

As at the date of this announcement, the Board comprises Mr. Wu Yigang as executive Director; Mr. Yu Lei, Mr. Wang Linjing, Ms. Dong Hong and Ms. Gao Liang as non-executive Directors; Dr. Lam Sek Kong, Mr. Xie Deren and Mr. Dai Genyou as independent non-executive Directors.