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華邦金融控股有限公司

Huabang Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3638)

**TERM SHEET IN RESPECT OF
THE PROPOSED ACQUISITION**

Financial Advisor to the Company



華邦融資有限公司

Huabang Corporate Finance Limited

This announcement is made by Huabang Financial Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 3 September 2017, the Company and the Seller (each the “**Party**”, together the “**Parties**”) entered into a term sheet (the “**Term Sheet**”) in relation to a proposed acquisition, pursuant to which the Company intended to purchase and the Seller intended to sell 24,887,670 ordinary shares with par value of NIS1.0 each (the “**Purchased Shares**”) of Clal Insurance Enterprises Holdings Ltd. (the “**Target Company**”), representing on the date hereof approximately 44.9% of the issued share capital of the Target Company (the “**Proposed Acquisition**”).

The Target Company, together with its subsidiaries (the “**Target Group**”), is one of the largest insurance groups in Israel, which is primarily engaged in the business of providing life insurance, long-term savings, pension funds, provident funds, health insurance and non-life insurance products in Israel. The Target Group’s major operating subsidiary, namely Clal Insurance Company Limited, commenced operation in 1962. Since 1988, the Target Company was listed on the Tel-Aviv Stock Exchange in Israel (stock code: CLIS). According to the Target Group’s latest annual report published in March 2017, Clal Insurance Company Limited was rated at AA⁺ by Standard & Poor’s Maalot and Aa1 by Moody’s Midroog, respectively, for its IFSR (Financial Stability Rating of an insurer) in December 2016. Based on the Target Group’s latest published

annual report, as of 31 December 2016, the consolidated total assets of the Target Group was equivalent to approximately HK\$198 billion (approximately NIS98 billion) and the total income for the year was equivalent to approximately HK\$24 billion (approximately NIS12 billion). In light of the current scope of business activities of the Target Group, as of 31 December 2016, the assets under management by the Target Group was equivalent to approximately HK\$357 billion (approximately NIS177 billion) and the total embedded value for life and health insurance and pension fund management business operations was equivalent to approximately HK\$27 billion (approximately NIS13 billion).

The Company will commence its due diligence on the Target Group as soon as reasonably practicable after signing of the Term Sheet. If the Company proceeds with the Proposed Acquisition, it will enter into binding agreement(s) with the Seller in respect of the Proposed Acquisition.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into by the Company and the Seller as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. If the Proposed Acquisition materialises, it will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the applicable disclosure and shareholder approval requirements under the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the shares of the Company. The Company will make further announcement(s) in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE TERM SHEET

The Board is pleased to announce that on 3 September 2017, the Company (as the prospective purchaser) and the Seller (as the prospective seller) entered into a Term Sheet in relation to the Proposed Acquisition. The Term Sheet and the obligations thereunder are in full force and effect subject to the approval of the board of directors of the Seller, which has been obtained on 4 September 2017. Summary of terms of the Term Sheet and information of the Target Group are set out as follows:

DATE

3 September 2017

Parties

- (i) the Company, as the prospective purchaser; and
- (ii) the Seller, as the prospective seller.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are not connected persons of the Company and are Independent Third Parties of the Company and of its connected persons (as defined in the Listing Rules).

THE PROPOSED ACQUISITION

Subject to the final terms of a definitive legally binding sale and purchase agreement of the Proposed Acquisition (the “SPA”) to be entered into between the Parties, the Company intended to purchase and the Seller intended to sell 24,887,670 ordinary shares with par value of NIS1.0 each of the Target Company, representing on the date hereof approximately 44.9% of the issued share capital of the Target Company.

INFORMATION OF THE TARGET GROUP

The Target Group is one of the largest insurance groups in Israel, which is primarily engaged in the business of providing life insurance, long-term savings, pension funds, provident funds, health insurance and non-life insurance products in Israel. The Target Group’s major operating subsidiary, namely Clal Insurance Company Limited, commenced operation in 1962. Since 1988, the Target Company was listed on the Tel-Aviv Stock Exchange in Israel (stock code: CLIS). According to the Target Group’s latest annual report published in March 2017, Clal Insurance Company Limited was rated at AA⁺ by Standard & Poor’s Maalot and Aa1 by Moody’s Midroog, respectively, for its IFSR (Financial Stability Rating of an insurer) in December 2016.

Based on the Target Group’s latest published annual report, as of 31 December 2016, the consolidated total assets of the Target Group was equivalent to approximately HK\$198 billion (approximately NIS98 billion) and the total income for the year was equivalent to approximately HK\$24 billion (approximately NIS12 billion). In light of the current scope of business activities of the Target Group, as of 31 December 2016, the assets under management by the Target Group was equivalent to approximately HK\$357 billion (approximately NIS177 billion) and the total embedded value for life and health insurance and pension fund management business operations was equivalent to approximately HK\$27 billion (approximately NIS13 billion).

The Target Group owns a Lloyds syndicate in London, allowing it to offer insurance solutions not only to Israeli companies operating abroad but also to international companies in general. The Target Group’s life insurance products include various personal and manager policies, key life-products such as annuities, endowment, paramagnet health insurance and universal life insurance. Non-life insurance products offered by the Target Group include insurance covers for motor vehicle, commercial

property, homeowner, travel, employers' liability, third-party liability and other industrial risks. The Target Group has developed into a diversified financial and insurance conglomerate and it also provides financial solutions, other than insurance, in pension funds, provident funds, mutual funds and investments.

CONSIDERATION

The purchase price to be paid by the Company will be equal to the total equity (book value) stated in the Target Company's most recent consolidated financial statements published prior to the signing of the SPA multiplied by the percentage holding represented by the Purchased Shares out of the Target Company's issued share capital as of the date of the closing of the Proposed Acquisition (the "**Purchase Price**"). The Purchase Price shall be adjusted to the total equity in the Target Company's most recent consolidated financial statements prior to the closing of the Proposed Acquisition (the "**Closing**"), and also adjusted for any dividend distribution from/equity capital injections to the Target Company (whether by way of allotment of new shares or purchasing of capital notes), rights issuance or similar events, to the extent that any such capital injection/dividend event occurs prior to the Closing but after the date of the Target Company's most recent financial statements published prior to the Closing and is not reflected in the foregoing financial statements. The above adjustment mechanism shall be implemented upon the signing of the SPA. The Purchase Price will be paid in full in NIS or USD at the Closing.

DUE DILIGENCE

Upon signing of the Term Sheet, the Company shall have the right to commence a due diligence review on the operation, financial, legal and other affairs of the Target Group. The Proposed Acquisition is subject to a reasonably satisfactory due diligence review of the Target Company to be conducted by the Company within a period of up to 60 days from the date of the Term Sheet or such longer period of time the Parties may from time to time agree.

CONTROL PERMIT

Following the signing of the Term Sheet, the Company shall take all the reasonably necessary steps and actions and shall use its reasonable best efforts to obtain a control permit from the Commissioner of Capital Market, Insurance and Savings in the Israeli Ministry of Finance (the "**Commissioner**"), in connection with the Proposed Acquisition ("**Control Permit**").

FORMAL AGREEMENT

The Proposed Acquisition is subject to the Parties negotiating and signing of the SPA no later than the end of the due diligence period.

EXCLUSIVITY

During the period beginning on the date of the Term Sheet and ending on the final date of the due diligence period (“**Exclusivity Period**”), the Seller agrees not to enter into any undertaking, letter of intent, memorandum of understanding or binding agreement involving the sale or disposition of any of the Purchased Shares.

TERMINATION

The Term Sheet may be terminated in any of the following events: (i) by each Party, upon the end of the due diligence review period if the Parties fail to enter into the SPA by the end of that term, unless extended by the mutual consent of the Parties; (ii) by each Party, on the date in which the Commissioner has notified that it has denied the Purchaser’s application for Control Permit; (iii) automatically, upon execution of the SPA by the Parties, or (iv) upon the mutual agreement of each Party.

BINDING EFFECT

The Term Sheet is non-legally binding (save for the provisions including confidentiality, exclusivity, due diligence, non-disclosure agreement and governing law) and no legal obligations or liabilities will be incurred by the Seller and the Company unless and until the SPA has been executed.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

In order to enhance long-term growth of the Group and create substantial value to the Shareholders, the Group is dedicated to continuously exploiting possibilities of new scope of businesses in the financial services sector. The Directors believe the Proposed Acquisition will provide a strong foothold for the Group to further expand its business presence in the financial services industry and enable the Group to diversify its business scope and further broaden its source of income. The Directors believe the Proposed Acquisition can make future contribution to the Group and help the Group develop sustainably. In view of the above, the Directors consider that the Proposed Acquisition is in the interests of the Group and the Shareholders of the Company as a whole.

GENERAL

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into by the Company and the Seller as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. If the Proposed Acquisition materialises, it will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the applicable disclosure and shareholder approval requirements under the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors;
“Company”	Huabang Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3638)
“connected person(s)”	has the meaning as defined in the Listing Rules;
“Directors”	the director(s) of the Company;
“Group”	Huabang Financial Holdings Limited and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong;
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons in accordance with the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NIS”	New Israeli Shekel, the lawful currency in Israel;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholders”	holder(s) of ordinary share(s) in the share capital of The Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Seller”	IDB Development Corporation Ltd., an Israel-based investment holding company which is the major shareholder of the Target Company as at the date of this announcement;
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America;
“%”	per cent.

By order of the Board
Huabang Financial Holdings Limited
George Lu
Chairman and Chief Executive Officer

Hong Kong, 4 September 2017

As at the date of this announcement, the executive Directors of the Company are Mr. George Lu, Mr. Lau Wan Po, Mr. Pang Chung Fai Benny and Ms. Lau Wing Sze; and the independent non-executive Directors of the Company are Mr. Loo Hong Shing, Vincent, Mr. Shin Yick Fabian, Mr. Mu Binrui and Mr. Lam Allan Loc.